

BUDGET
SPECIAL

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BEST FOR THE BUDGET

12-PAGE SPECIAL

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SHOPPING IN STYLE

Nigella Lawson on how your clothes say who you are

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BUDGET SUMMARY

Income tax

Basic rate tax cut by 1p to 23p. Lower rate 20p band widened by £200 to £4,100. Top rate 40 per cent threshold up £600 to £26,100. Basic personal allowance up £280 to £4,045. Married couple allowances up £40.

Motoring

Car tax discs up 5p to £145. Petrol and diesel up 3p a litre. Duty on road fuel gases cut by 25 per cent to encourage gas power.

Tobacco

Tax on packet of 20 cigarettes up 15p; 7p on small cigars; 8p on pipe tobacco; rise in the price of handrolling tobacco pegged to inflation to counter impact of smuggled tobacco.

Inheritance tax

Inheritance tax threshold raised to £215,000 from £200,000, equivalent to a 40 per cent increase in the threshold over a two-year period.

Alcohol

No change in beer and wine duty for second year running. Spirits down 4 per cent (25p a bottle). Alcopops face 40 per cent tax rise (between 7p and 8p a bottle) from January to address concern about under-age drinkers.

Air travel

Airport tax doubled to £10 from £5 for European flights and to £20 from £10 for rest of the world from next November.

Economy

Growth forecast of 2.5 per cent this year and 3.5 per cent next year. Underlying inflation expected to meet or undershoot target of 2.5 per cent and consumer spending to rise by 4 per cent next year.

Public spending

Spending forecast to fall to 40 per cent of GDP by 1997. Government running costs to be cut by 7 per cent by end of the decade.

Education

Spending on schools up by £30 million next year. £280 million to boost further and higher education over next two years, including £20 million next year for science equipment. Sale of student loans debt.

Tax and benefit fraud

Crackdown on VAT evasion. Spend to Save scheme, with £800 million to be spent over next three years on combating benefit fraud, to save up to £5.7 billion.

Clarke's 1p cheers Tories

Leaky Budget showers promises of prosperity

By PHILIP WEBSTER,
POLITICAL EDITOR,
AND JANET BUSH,
ECONOMICS CORRESPONDENT

KENNETH CLARKE cheered the Conservatives yesterday with modest tax cuts in a "virtuous" Budget promising steadily rising living standards while seeking to avoid higher interest rates in the run-up to the general election.

The Chancellor produced a well-tried, unspectacular package whose underlying prudence was intended to rebuild voters' trust in the Tories' economic competence.

He shrugged aside an unprecedented series of leaks to unveil a "give-and-take" Budget. With one hand he announced a 1p reduction in income tax to 23p as part of £2.2 billion raft of cuts in personal taxation and alcohol duties. With the other he outlined £1.5 billion of tax increases including higher insurance, premiums and airport taxes, 3p a litre on fuel, and 15p on a packet of cigarettes.

It left the Chancellor claiming that a family on average earnings would be £70 better off next year, and Tony Blair contending Tory tax rises had cost the typical family £2,120 since the last election.

The Budget contained a net tax reduction of £700 million. Although Mr Clarke announced big increases in spending on health, education and law and order, overall public spending will be cut by £1.9 billion, with an extra £500 million estimated to come from a "spend-to-save" campaign to close tax loopholes.

He also said that tax relief on profit related pay would be phased out — insuring Labour derision by saying the curb would not start until 1998 — and unveiled expected clampdowns on benefit fraud and tax evasion, and the benefit paid to single parents.

Mr Clarke and Treasury officials, with their eyes on the City reaction, were swift to claim that this amounted to a £1.7 billion "fiscal squeeze". Borrowing next

year is forecast at £19 billion, £4 billion less than the Treasury's summer prediction.

However, initial City reactions were cool and attention immediately turned to Mr Clarke's next interest rate discussion with Eddie George, Governor of the Bank of England, on December 11. The money markets, which have already assumed a rise in base rates from 6 per cent to 7.25 per cent by the end of next year, did not budge in this view.

Labour officials were also quick to point out that, taking into account tax increases already in the pipeline, next year's overall tax burden would rise, a claim borne out by the Treasury's "Red Book" which charts public finances into the next century.

With a humorous and well-received 77-minute speech, Mr Clarke confounded predictions that the Budget would be an anticlimax after the leaking of many of its key proposals — a security breach which is now the subject of a Scotland Yard investigation.

He told MPs at the outset that while he was not going to play Santa Claus in the run up to Christmas "this year I don't have to play Scrooge either". And he raised Tory spirits with the claim that it was not a Budget for the next few months but one "for many prosperous years ahead".

Besides cutting the basic rate of income tax by a penny to 23p, Mr

Clarke widened the lower 20p band by £200, and increased tax thresholds. Had he not done that, he said, he could have afforded a 2p cut in the basic rate.

The steady-as-she-goes package seemed to have won over Conservative MPs whose expectations had been carefully managed to accept that a giveaway Budget would have been viewed with suspicion by voters. John Redwood summed up the mood when he said: "It is not an election-winning Budget in the sense that it does not give away an awful lot of money that we can't afford to give away. That would have been wrong, so I think the Chancellor has made the right judgment and made sure that he is concentrating on running the economy well."

But Mr Blair, in an effective response that his backbenchers rated highly, branded it a "give with one hand, take with another" package. One thing we now know for certain is that taxes will be higher at the next election than the last and that the Conservative Party that fought the general election on the promise it would cut tax will — after all the changes made today — leave the average British taxpayer £2,120 worse off in tax.

This is actually the last-gasp Budget of a government whose time is up, which can't be trusted with the future and can't make amends for the past."

For the Liberal Democrats, Malcolm Bruce said: "This Budget fools no-one — it is a triple Tory cop-trick. A Budget of smoke and mirrors which does not deliver the lower taxes, lower borrowing and higher spending claimed by the Chancellor."

Although economists conceded that the Chancellor had avoided a pre-election giveaway, there was a strong consensus that the Budget still was not tight enough to counteract strengthening economic growth and head off Bank of England pressure for higher interest rates.

Roger Boode, chief economist with Midland Bank, questioned the Chancellor's assertion that his Budget was both good economics and good politics, arguing that it failed on both counts.

He said: "This package was

prudent and dull enough to leave

Conservative backbenchers unexcited but not prudent and dull

enough to stop Eddie George

pressing for another interest rate

rise." There was also considerable consternation about the Chancellor's economic forecasts which showed Britain's underlying inflation rate falling — miraculously, some sceptics said — falling to the 2.5 per cent upper limit of the Government's target range next year despite accelerating economic growth.

And there was cynicism about the Chancellor's claims that he had

cut public spending, particularly about his reliance on clawing back money through attacking tax avoidance and benefit fraud.

John Sheppard, chief economist at Yamaichi International Europe, said: "This is a shaky foundation for the Chancellor's forecast for improving public finances. It is the sort of thing Italy would get up to meet the Maastricht Treaty economic criteria."

Late-night paper chase for scoop

By ANDREW PIERCE, POLITICAL CORRESPONDENT

THE news that Westminster's best kept secret had leaked was broken to Downing Street by Piers Morgan, the Editor of the *Daily Mirror*, who asked: "Do you want your Budget back?"

Jonathan Haslam, the Prime Minister's press secretary, who took the telephone call at 7.20 pm on Monday, had heard that question many times before. "What are you talking about?" he demanded.

Less than two minutes later, he had his answer. One sheet of Treasury-headed paper, faxed from MGN headquarters to Mr Haslam, confirmed the worst government leak for five years. It detailed new income tax rates to be announced the next day and prompted a flurry of activity that almost culminated in the Chancellor of the Exchequer being called to the dispatch box to deliver sensi-

tive parts of his Budget speech late that night.

The documents had been offered exclusively to the *Daily Mirror* on Sunday by Peter Hounam, a freelance investigative journalist with extensive contacts in Whitehall. Mr Hounam, a former *Daily Mirror* columnist who had acquired the papers over the weekend, spoke to the acting editor, Craig McKenzie. A sum of £20,000 was sought and a cash payment of £5,000 was agreed on Monday morning. It is not clear if any money was handed over.

Kevin Maguire, the *Mirror*'s political editor, was spotted leaving the Palace of Westminster at 10.35 am on Monday and a *Mirror* executive met Mr Hounam in a coffee bar near Whitehall at about the same time. The papers were on Mr Morgan's desk by 11 am and confirmed as authentic at 11.15.

Back at Downing Street, Mr Haslam had telephoned Mr Morgan by 7.30 pm to warn him an injunction was being sought to block publication. At 8.05 pm the injunction was granted.

Mr Haslam could not have known he was directing the Government's guns at the wrong enemy. Mr Morgan, having held a meeting of senior executives, had decided 30 minutes before not to publish.

But the *Mirror*'s rivals, who had heard on the Fleet Street grapevine something was up, were not covered by the injunction.

Mr Morgan agreed that the Budget documents would be returned to their rightful owner that night and Anthony Harwood, the deputy night news editor, handed them to a policeman at the Downing Street gates at 10.20 pm.

The celebrations in Downing Street and the Treasury were short-lived. Some of the documents were

Continued on page 2, col 5

Strict security, page 2



Cheering news for distillers

The Scotch Whisky Association last night welcomed the cut in excise duty, which will knock 26p off the price of a bottle and narrow the tax differential between spirits and other alcoholic drinks. Hugh Morrison, the association's director general, said: "This cut is extremely good news for the industry at home and abroad."

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Chancellor rash to invoke the spirit of '36

By ALAN HAMILTON

KENNETH CLARKE was on shaky ground yesterday when he claimed that he had reduced income tax to its lowest level since the halcyon days of 1936 when Baldwin was in Downing Street and Edward VIII on his way to exile.

Supposed golden ages do not always bear close inspection. In 1936 Neville Chamberlain, the Chancellor, increased income tax by a hefty threepence to 4/6 (22.5p) in the pound, the price of a pound of apples.

On the apple theory of economics, the present-day equivalent would have been Mr Clarke raising the basic rate yesterday by about 40p.

Mr Chamberlain, whose budget theme in that year of gathering clouds was "safety before comfort", reckoned that the increase would yield him an extra £12 million a year. Even the smooth talker, he claimed that the move "would not seriously affect the improvement in trade or cause undue hardship." Yet in the same breath he further punished the British working man by slapping an

extra twopenny tax on a pound of tea.

The year 1936 was not a happy one, sandwiched as it was between the end of a worldwide depression and impending global conflict. Stanley Baldwin said it would be cowardly for him to receive the Jarrow marchers, who had walked to London to protest at 68 per cent unemployment in their town. A pound of sirsloin was one shilling and sevenpence and a pound of tomatoes sixpence.

Fred Perry won the Wimbledon men's singles for the third successive year but the legendary cricketer

Wally Hammond did indeed score two Test centuries — 217 against India and 231 against Australia — although his very best performances were several years before.

And it was the year in which the economist John Maynard Keynes published a paper offering his solution to Britain's depression and unemployment: increase the money supply, bring down interest rates and stimulate investment by spending on public works. You would not mistake Kenneth Clarke for J.M. Keynes, or 1936 for a good year.

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Stylish joker delivers the real thing with aplomb

As Kenneth Clarke spoke yesterday, uninsured whisky-tipping Scotch dukes driving gas-powered Bentleys, who roll their own cigarettes, whose pay is not profit-related, whose wives do not work and who have a pathological fear of flying, will have raised their glasses in a grateful toast to a generous Chancellor. The rest of us scratched our heads and reached for the pocket calculator.

It was a brazen and stylish performance, containing many good jokes and washed down with nearly half a carafe of whisky and water. It met

from an unusually well-armed Tony Blair the most crackling Opposition response in recent memory.

The Budget speech was heard, as ever, by a packed chamber. Standards of exotic garb for the occasion have fallen sadly over the decades and we had to make do with the knobbly knees of Bill Walker (C. Tayside N) in a dowdy kilt.

Mr Clarke was furnished not with the glass of whisky and water a Chancellor traditionally keeps at his elbow, but with a whole carafe. At one point he began refilling his glass at the same time as

explaining how he was going to eliminate fraud. Warming to his fiscal theme, the Chancellor forgot his right wrist, still pouring the whisky. He remembered in the nick of time, just as the glass brimmed to overflowing.

Up in the Strangers' Gallery, Mrs Gillian Clarke, her hair in a neat bun, looked on with the resigned despair of one whose husband is forever burning the toast. Gor-

don Brown, by claiming that "few serious commentators" disputed his forecasts, then (to Brown): "I hear some mutterings from the front bench opposite. I said 'few serious commentators'." He giggled.

Revealing plans to raise taxes on alcoholic soft drinks, he explained this would put up the price by about 7p a bottle — "for those of my hon friends who have not yet tried them", he added, grinning round at the Tories behind Dame Jill Knight (Birmingham, Edgbaston), robed in a royal blue with the intensity of Quink, looking grim: 7p on a bottle of Hooper's Hooch or

Two Dogs lemonade! Life in Edgbaston will hardly be worth living. "Myself," said Clarke, "I haven't yet been converted to bubble-gum flavoured alco-pop." He took another swig of whisky.

The Chancellor told us that the basic rate of tax was the lowest for 60 years, then translated this into terms John Major, sitting beside him, would take on board: "not since Stanley Baldwin was Prime Minister," he said, "not since Wally Hammond scored a double century at the Oval." At the mention of Baldwin and Hammond, Mr Major grinned affectionately.

McAliskey fights extradition

The eldest daughter of the former nationalist MP Bernadette McAliskey flew from Belfast into Heathrow under a police guard yesterday afternoon to prepare for extradition proceedings to Germany.

German federal prosecutors want to question Ms McAliskey, a 25-year-old graduate of Queen's University, Belfast, about the IRA mortar attack on the British Army barracks in Ostend in June. She was arrested on a provisional warrant by the RUC and has been in police custody since last Wednesday. She is wanted for questioning about attempted murder and possessing explosives.

A Home Office spokesman said: "The Germans now have 40 days in which to make an extradition application. They have not done so formally yet."

Pill addict sues her doctors

A woman addicted to a drug prescribed for anxiety 21 years ago is suing her doctors for £100,000 for negligence. Christine Kennedy, 45, from Glasgow, who has two children, told a court in Edinburgh yesterday she was prescribed four pills of Equanil a day in 1975. In a few months, the prescription was 11 a day, but no warning was given that it was addictive. The three doctors deny negligence.

Former MP in critical condition

Former Labour MP Ted Leadbitter was in critical condition in hospital last night after a car crash on Sunday near his former constituency of Hartlepool, Cleveland. Mr Leadbitter's car is believed to have run into the back of a lorry parked on the hard shoulder. Mr Leadbitter was the MP who, in 1979, exposed Sir Anthony Blunt, the Surveyor of the Queen's Pictures, as a former Soviet agent.

Buerk mourns dead colleague

Michael Buerk pulled out of reading last night's BBC Nine O'Clock News to mourn a close colleague, the award-winning cameraman Mohamed Amin, who died in the Ethiopian Airlines crash. Mr Buerk was flying to Nairobi for Mr Amin's funeral. In 1984, they worked on the television reports of the Ethiopian famine that caused public outrage and prompted the Live Aid concert.

Robert the Bruce lost front teeth

Robert the Bruce had four front teeth missing and a serious injury above his left eye, scientists in Edinburgh disclosed as they unveiled a computerised facial image created by a forensic pathologist and a terracotta head created by a dental pathologist. The injury was possibly caused by a sword or an axe. The head is on display at the National Portrait Gallery in Edinburgh.

Europe gets too big for its boots

A 16-year-old boy has had to give up his chosen career as a plasterer because his size 16 feet are too big for European regulations on protective footwear. David Anku from Haworth, West Yorkshire, has been told that work boots with reinforced toe-caps lose their strength at such a length and do not conform to European safety rule EN345. He may now have to train as a sports coach.

Strict security, page 2

Late-night battle for a scoop

Continued from page 1
apparently missing. Mr Haslam was back on the telephone to the newspaper. Then news came through of a further and more damaging leak — this time from the *Daily Mirror*.

The conference of executives that had decided not to publish had been heavily influenced by David Montgomery, the chief executive.

But not everyone present agreed with the decision, and while some were happy simply to brag about the scoop that might have been, others were soon complaining to newspaper friends about the

way the story had been killed. Way the story had been killed. The copy typist who took down the details had misheard the *Sun*.

The Sun moved quickly. The first edition was ripped up and later editions contained some of the highlights of Mr Clarke's speech, including the lid on the Budget secrets, which they thought they had won three hours earlier.

Downing Street and the Treasury were also alarmed about the effects of the disclosures on the international money markets that they discussed the possibility of the Chancellor making an unprecedented appearance at the dispatch box to announce some of the price sensitive measures 15 hours early. But the plan was never implemented, not least because the Commons had risen at 10pm.

Only one detail was wrong. *The Sun* claimed the threshold for inheritance tax was to be widened to £250,000 when in fact it was £25,000. But

Indignant printers deny responsibility

BY VALERIE ELLIOTT AND DANIEL MCGRORY

STAFF threatened with redundancy at the newly privatised Stationery Office were licensed yesterday that they were being identified as a possible source of the Budget leak.

The leak is nevertheless embarrassing for unions who are campaigning against plans by the Stationery Office to cut 900 jobs out of 2,500. Yesterday the company began an internal investigation into the possible source of the leak and to ascertain if all safeguards were carried out in printing and delivering the documents. Management will meet unions today to discuss restructuring the company.

Even without yesterday's Budget leak, the privatisation of Her Majesty's Stationery Office has been marked by controversy. The Government last month reached a £54 million deal with an Electra Fleming consortium, headed by Rupert Pennant-Rea, former Deputy Governor of the Bank of England, even though City analysts had estimated the sell-off would make £140 million.

MPs from all parties have also been concerned about

security for official documents and for the continued publication of *Hansard*, Parliament's official record.

It was only on Monday that staff at London Print Services, part of the Stationery Office that was contracted by the Treasury to produce the Red Book detailing public expenditure and the Budget in summary, learnt that 88 out of their 96 jobs were under threat.

Staff at the London Print Services premises, 500 yards from the Labour Party headquarters in Walworth Road, southeast London, had been told not to talk to the media. But some indignantly insisted that they had not leaked material to embarrass their new owners.

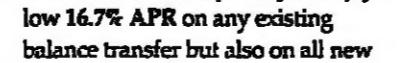
A printer who had worked for the HMSO for 13 years, and who, like his colleagues, had signed the Official Secrets Act, said: "I and everybody else abide by those regulations. Morale is already shattered by the redundancy news and now we are being accused of being cheats. We work hard and have never breached a word of what we see. I don't even tell my wife."

Think again.

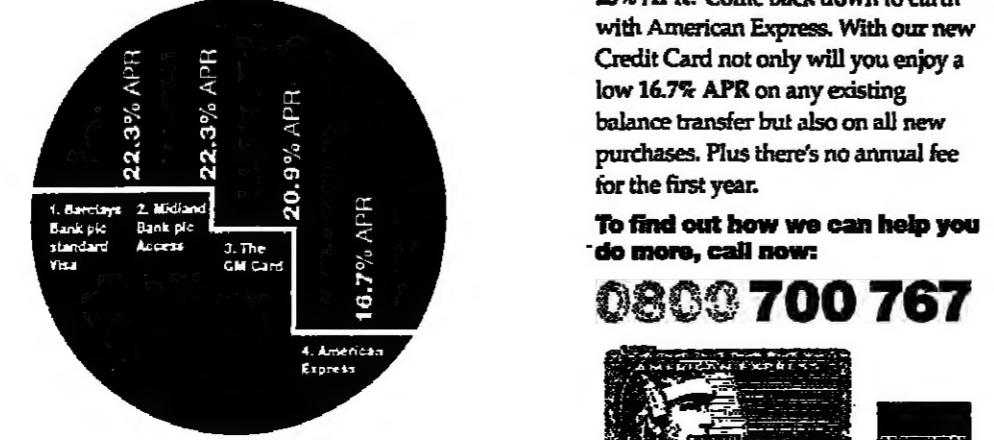
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JOHN MAJOR is standing firm in the face of threats from the IRA and has rejected a demand from Sinn Fein to be allowed into the Stormont talks immediately after any IRA ceasefire.

The Prime Minister is understood to have told John Hume, the leader of the SDLP, that the Government will want cast-iron guarantees from republicans that a renewed IRA ceasefire will last and will not be a tactic.

Gerry Adams, the president of Sinn Fein, said yesterday he feared that the Government would reject his call to be allowed into talks immediately after a ceasefire. He said: "The British appear to be poised to reject the proposals put to them. If what we are hearing is accurate then all

they are doing is postponing the opportunity for peace."

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Major resists talks threat from IRA

BY NICHOLAS WATT, CHIEF IRELAND CORRESPONDENT

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Shipping magnate told: cooperate or die

**Kidnap victim
'was held for nine
days in cupboard'**

By MICHAEL HORSNELL

A GREEK shipping magnate was kidnapped by a gang as he parked his car in London and subjected to a nine-day ordeal of sensory deprivation as his jailers demanded £5 million ransom, the Old Bailey was told yesterday.

George Fraghistas became a target after frequenting casinos in London. He was held in handcuffs in a cubby hole with a mask over his face, plugs taped in his ears, and his ankles bound; was told by his armed jailers "co-operate or die", the court was told. He was freed by police without the ransom being paid.

Two Greeks — Constantine Korkolis, 39, and Thanassis Zografos, 24 — and two Frenchmen — Jean-Marc Merle, 36, and Djemel Moussaoui, 33 — have denied kidnapping, false imprisonment and blackmail.

Joanna Korner, QC, for the prosecution, said that Mr. Fraghistas, 43, was unceremoniously bundled into a car hired by his kidnappers on March 24 after he had parked in a car park in Maida Vale, west London.

From there he was taken to a house in Hogan Mews, west London, rented by the two Greek defendants for £600 a week, and dumped on a mattress. He was forced to

make recorded telephone calls to his family, relaying the ransom demand which the court was told was later reduced during his ordeal to £3 million (£1.8 million).

The court was told that Mr. Fraghistas, a single man, was a Greek national whose family was engaged in a shipping business started by his late father in the late 1950s. He remains its consultant, but after coming to London in 1983 he set up his own company, World Carrier London Limited, with a partner.

Miss Korner said the business went through a bad patch in 1994, which necessitated loans from the family of \$2 million, but it became financially sound by this year.

Mr. Fraghistas told the court that he was a member of "more than one" casino and that he had tried to curb his gambling habits. He said that at one stage, he had been gambling every night, "but then I realised that was not good for your social life and I have cut it down. It is not something that you can cut overnight but it is much better than it used to be."

Mr. Fraghistas told the court that his mother, who took over the running of the Greek shipping business when his father died, had lent him \$2



George Fraghistas, who was allegedly held in this space in Hogan Mews, west London with a mask over his eyes and plugs in his ears

million in 1994-95 when his own venture, a shipping agency in London, needed "capitalisation and investment".

Mr. Korkolis emerged as a man with various identities. He is generally known as Costas. But for the duration of the kidnap he was known as Petros. Mr. Zografos, who came to Britain in 1992 to study, lived at a west London hotel where he met Mr. Korkolis.

Miss Korner said that they rented the house in Hogan Mews after telling an estate

agency a story about a sick aunt. Their victim parked his car on the night of his abduction before going on to a dinner party, then realised there was a man behind running after him who was wearing ski-style gloves and a balaclava.

After being pushed against a car he began to struggle, and found he was on the floor face down, at which point he realised that at least three men were involved. He was handcuffed and his ankles taped, and his attackers tried to place

a hood over his head. He struggled, and one of the men produced a gun and said: "I will kill you if you keep screaming."

Mr. Fraghistas was thrown into the boot of a hired Rover car, biting the fingers of one assailant as he was abducted.

One man got into the boot with him as it was driven off to Hogan Mews.

Upon arrival he was made to remove his clothes and given a pair of boxer shorts as well as a dressing gown in which he remained throughout his incarceration. A bucket and later a bottle was granted him in which to urinate but he was also allowed to visit the lavatory. Four days after the kidnapping he was allowed a shower but only after his eyes were taped.

During his ordeal he asked for a sedative to calm his nerves and this was given.

In his cupboard prison he was given an intercom unit and questioned about his financial situation. Asked how much money he had, he said he had £40,000 to £50,000 but was told this was not enough. A voice which he subsequently identified as police was deliberately distorted later told him that the lowest the kidnappers would accept was \$3 million.

Mr. Fraghistas agreed to call his office the day after saying under instructions that he had been picked up by a girlfriend and would be out of London for several days. But his office was suspicious.

Police were alerted and officers fitted devices to telephones at the home of his mother. The trial continues.

I was raped by uncle, says West daughter

By A STAFF REPORTER

THE eldest daughter of Frederick West told a court yesterday that she was raped more than 300 times over a three-year period by the serial killer's younger brother.

John West, 54, is alleged to have raped his niece Anne Marie and another girl in a ground-floor bathroom at 25 Cromwell Street, Gloucester. The attacks were said to have happened in the 1970s when Mr. West called at the house on his round as a druseman.

Brian Leveson, QC, for the prosecution, told the jury at Bristol Crown Court that the first assault on Anne Marie happened when she was 11 or 12. She told her mother Rosemary West, who "laughed it off and told her not to be stupid". The younger girl was later raped once, the court was told.

Anne Marie Davis, 32, has waived her right to anonymity. She said that her uncle visited the house for a cup of tea at lunchtime and at weekends: "He came to the house a lot. He was the only real member of the family on my dad's side who would visit us. He was quite close to dad."

She said that she was raped by a series of men in her early teens. Nigel Pascoe, QC, for Mr. West, asked: "You were raped by your uncle over 300 times? Is that really the truth?" She replied: "Yes."

Mr. West, from Abbeydale, Gloucester, denies two rape charges and two of indecent assault. The trial continues.

Phantom polisher takes shine off real tennis finals

By SALLY JONES

THE gentlemanly world of real tennis is awash with rumours after the alleged doctoring of the historic Queen's Club court on the eve of the semi-finals of the British Open Championships.

Fortnightly polish appears to have been applied to a corner of the sloping porch known as the penthouse which runs round three sides of the court, apparently a deliberate ploy to prevent the use of the controversial "boomerang" and "giraffe" services.

The numbering happened on Saturday night just hours before the two semi-finals were due to take place after two games of the first match between Julian Snow, the British number one, and Lachie Deuchar, the Harbour Club professional who is the foremost exponent of the boomerang serve which is unreturnable when properly played.

Many within the game see the move as akin to sabotaging Centre Court at Wimbledon. Real tennis, thought to have been brought to Britain by Henry VIII, remains firmly elitist, despite attempts to popularise it. There are only about 20 courts in Britain and the number of people who play it barely exceeds 2,000. The ball can strike the walls as well as the floor and the rules are formidable.

At the Queen's Club a grey substance, similar to

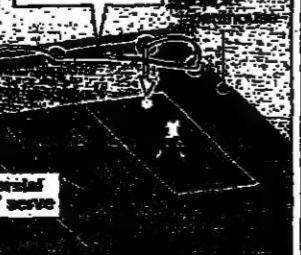


Deuchar famous for his fierce boomerang shot

wax polish, was found on the floor of the receiver's end beside the corner of the penthouse. Both players complained and the match was stopped for 25 minutes while it was cleaned up. Traces of a similar substance were found on the penthouse but efforts to remove it failed.

Serving an accurate boomerang involves hitting the ball from the service end gently on to the side penthouse. After a series of deflections, the ball drops straight down the back wall and is impossible to play.

The club has begun an inquiry. Brigadier Andrew Myrtle, chief executive of the game's governing body, played down the row. "I'm keen that we shouldn't jump to conclusions over this," he said.



The controversial "boomerang" serve

PR chief 'acted as corporate assassin'

By KATHRYN KNIGHT

A FORMER public relations manager for British Airways was a "corporate assassin" who spent his career with the airline spreading slick lies and poison to destroy its rivals, the High Court was told yesterday.

Brian Basham was consistently dishonest and disreputable in his work for the airline during its commercial battle with Virgin Atlantic, a libel jury was told.

Mr. Basham, 52, is suing for damages over claims in the book "Dirty Tricks: British Airways' Secret War against Virgin Atlantic" that he was a liar who masterminded a smear campaign against Virgin and its head Richard Branson. He claims 11 passages in the book wrongly portray him as a "professional dissembler" who knowingly sold untrue stories about Virgin to the press. But on the second day of the hearing, Ronald Thwaite, QC, representing the book's author Maryn Gregory and publishers Little, Brown and Company (UK) Ltd, said that Mr. Basham had not been wronged but exposed by hard evidence and good investigative journalism. Mr. Thwaite said: "Mr. Basham was serving poison of a kind that left no trace, that was capable of lethal consequences if left to run unchecked. He was, after all, the corporate assassin who killed off his client's rivals if he could and was not particular about the methods he employed."

Patrick Milmo, QC, for Mr. Basham, had said that "Dirty Tricks" was a work of fiction which gave a "one-sided, partial and embroidered account" of the rivalry between the two companies.

Mr. Gregory and Little, Brown deny libel, pleading justification. The case continues.

Yacht thought U-boat was buoy

A DIRECTOR of National Grid admitted failing to keep a proper lookout on his yacht before it rammed a German submarine, causing an estimated £20,000 of damage.

Web Gerretsen, 54, also admitted failing to take action

to avoid the crash between his 50ft yacht and the 160ft U22 craft. The accident happened at the mouth of Portsmouth harbour when the helmswoman, Clare Ainsworth, 19, tried to steer round the submarine.

Mr. Gerretsen's crew could see only the top of the U-boat and in the poor light thought that it was a buoy. He injured his arm in the collision but his yacht, Harvest, escaped serious damage and his crew of six were not hurt. The German Government said that the submarine had suffered about £20,000 damage to electronic components.

Mr. Gerretsen, a Dutchman who is National Grid's business development director, is being prosecuted by the Ministry of Defence because he was master of the yacht. He

admitted two charges at Portsmouth Magistrates' Court but denied failing to observe regulations designed to prevent collision at sea and failing to navigate with care and caution. He also pleaded not guilty to failing to take early action to keep clear of another vessel.

The case was adjourned until December 6 and Mr. Gerretsen, of Chobham, Surrey, was released on unconditional bail. He could also face a private action for compensation by the German Government.

Mr. Gerretsen said after the crash in May that the submarine had not been properly lit. The U-boat tower was about 10ft above the waterline, he added. "Visibility was very poor and the crew saw a black object they didn't recognise."

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Parishes face £27m bill for new pension fund for vicars

REPORTS BY RUTH GLEDHILL, RELIGION CORRESPONDENT

ANGLICAN worshippers are to be asked for £27 million a year to pay vicars' pensions under a measure agreed by the General Synod yesterday.

A new pension fund is to be set up in the wake of the £800 million property losses in the late 1980s by the Church Commissioners, who manage the Church of England's £2.7 billion assets. Pension liabilities of £7 million a year, which have more than doubled in a decade, will continue to be paid out of the Church's historic assets.

The plans, which are to go before Parliament for approval before the general election, envisage that the fund will be launched in 1998. For the first time the 11,000 retired clergy outnumber the 10,500 in service, and the fund is considered essential if clergy of the future are to have their pensions paid.

The new commitment will amount to about 50p a week for every churchgoer, on top of £3.67 they already give on average. Some will have to

meet a greater share of the costs, however, because some parishes, particularly those in poor areas, already struggle to pay the increased demands for clergy stipends made during the past few years.

The Archbishop of Canterbury, Dr George Carey, recently appealed for extra funding to come from the State for church buildings, saying that parishes were already overburdened by the cost of repairs.

Defending the proposals, Sir Michael Colman, First Church Estates Commissioner, who was brought in to resolve the Church's financial problems, said: "I would urge synod members to remember where we started three years ago. The Church has adjusted to higher payments since 1988. It has faced up to the realities of the situation."

Initial plans to transfer £1.3 billion, half of the Church's assets, to the new pension fund have been shelved after MPs complained that the Church was in effect planning

to sell off the family silver. Other proposals, including cutting the number of Church Commissioners from 95 to 15, have also been amended. It is now envisaged that there will be 30 commissioners to manage the Church's assets.

Timothy Hind, of Wells, Somerset, said: "Until recently, the cost of pensions was paid by the departed church. This is not an option for the future. The living church has to pay for its mission."

Presenting the proposals to the synod in Westminster, the Right Rev Barry Rogerson, Bishop of Bristol, said it was necessary to ensure that clergy felt secure in the knowledge that their pensions would be paid. Bishop Rogerson addressed the problem of what would happen if parishes failed to provide the money: "It is assumed that, if payments are not made, then it becomes the responsibility of the Church of England as a whole so to order our common life that we may support each other."



Dr George Carey at the General Synod yesterday

Church finds just cause against marriage banns

THE tradition of reading the banns of a couple about to be married in the Church of England could soon end after the General Synod decided yesterday to find an alternative.

In a 15-minute debate that may sweep away 800 years of tradition, a speaker said that the banns were a "medieval anachronism" and there was a need to give marriage a more human face. The banns, when the con-

gregation are asked to declare if they know of any "just cause or impediment" why the couple may not be joined together, are read three times before the wedding.

Canon Richard Hanford, Vicar of Ewell, Surrey, said: "The Church of England should not be seen to be defender of the quaint." Introducing a private member's motion to "obviate the need" for banns of marriage, he

argued that most of those whose banns were read in church had never darkened its doors.

"My experience has taught me that when couples hear about banns and fees and form-filling and trips to other churches, so people they don't know can nod sagely and see no cause or impediment why Darren and Tracey should not get married, they are amazed," he said. "It is as if the church is

not encouraging people to get married."

He criticised the "curious obsession" with legal impediments to marriage, and said the banns dated from the medieval Church's view of "consanguinity, clandestinity and the nature of consent". Mr Hanford added: "In 30 years as a parson, I have never once heard any objection to the marriage banns."

Legal claims for job stress likely to rise

BY FRANCES GIBB
LEGAL CORRESPONDENT

LAWYERS are predicting a big rise in claims against employers for stress and harassment on the strength of a survey reporting widespread bullying at work.

The research findings, based on a survey of 1,000 adults, are expected to show that two thirds of people have witnessed bullying or harass-

ment and as many as one in two has experienced it personally in one form or other.

The findings will be released at a conference on Friday in London organised by the Institute of Personnel and Development.

Jill Earshaw, lecturer in employment law at the University of Manchester Institute of Science and Technology, said that increasingly employees are pursuing claims of stress-related illnesses.

"More and more employees are being subjected to acute stress at work. In the retail sector, for instance, people working in shops face violent attacks, and in building societies and banks, hold-ups. Then in the public sector, people are increasingly at risk from attacks by mental patients."

She said that two key court rulings had helped to pave the way for stress claims based on

the recent ruling that policemen who helped at the ground at the Hillsborough stadium disaster were entitled to damages, and the case in which a social worker was paid £175,000 by Northumberland County Council after he had a nervous breakdown.

No other cases have yet reached a High Court ruling but several stress claims are believed to be in the pipeline.

Mock L-test aims to drive up pass rate

BY JONATHAN PRYNN, TRANSPORT CORRESPONDENT

NERVOUS learner drivers are to be offered the chance to sit a mock test with a government examiner to help them to overcome their fears.

Learners will pay about £35 for the dummy test, to be carried out a few weeks before the real thing. It will be followed by a briefing by the examiner on the candidate's strengths and weaknesses, including those that could have made him or her fail.

However, the proposed scheme, which is likely to be introduced on a pilot basis in the Midlands in February or March, was condemned by the British School of Motoring. Richard Glover, its managing director, said he was horrified by the plan from the Department of Transport's Driving Standard Agency

(DSA) and was considering legal action. The company already offers its own mock tests.

"The DSA is a testing organisation and a mock test is not a test, it is training and assessment. For the DSA to set itself up in competition with instructors is going to cause very serious problems," Mr Glover said.

Bernard Herdman, the chief executive of the DSA, said only a handful of driving schools offered mock tests. But the scheme would go ahead only with the approval of the instructing industry after consultation.

Mr Herdman said that a similar pilot scheme in Holland had lifted the first-time pass rate from about 45 per cent to 60 per cent.

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Anglicans must fight hardcore of racism'

THE racism which was a feature of the post-war Church of England has declined, but there is still a hard core of resistance which proclaims: "We have no black people here, there is no problem," the General Synod was told.

Dr John Sentamu, Bishop of Stepney and a former Ugandan judge, said such attitudes showed the Church still had "considerable ground to cover" in addressing racism within its ranks. Describing how thousands of Anglican immigrants, especially from the Caribbean, were "frozen out" of the Church when they arrived here after the Second World War, he said the Church was now at the forefront in challenging racism.

Dr Sentamu, opening the debate on the report "The Passing Winter", which describes how different dioceses are tackling racism, said racial harmony was not simply the absence of conflict. Understanding and justice could set people free "to make their own distinctive contribution to our common life".

The Ven Kenneth Gibbons, Archdeacon of Lancaster, pleaded for help for those parishes in the "white highlands", where worshippers rarely came into contact with people from other ethnic groups. "There are places where there are few black faces to be seen," he said.

But Canon David Gillen, of Bristol, said: "You cannot watch television and be unaware of the issues of racism and ethnic diversity that are bombarding us day in and day out." Every individual had to determine whether their reaction to these images was "Christ-like or demonic".

Briton 'pursued by Cambodian captors'

The Briton captured in Cambodia by Khmer Rouge guerrillas eight months ago is being pursued by hardliners with orders to kill him. Prince Norodom Ranariddh, Cambodia's Prime Minister, said in Phnom Penh last night. However, Prince Ranariddh said that Christopher Howes, 36, a mine-clearing expert from Bristol who is believed to have escaped with a group of defectors, would be released within a few days despite the threat. He would be flying to the north of the country to supervise the operation. The Foreign Office welcomed the prince's comments cautiously but said it had no further information.

Rethink on Crime Bill

The Government is redrafting its Crime (Sentences) Bill after criticism that up to 30,000 prisoners could end up serving less time in jail than at present. The move came as the Howard League said that the prison population had risen by more than a third to 58,217 since Michael Howard became Home Secretary three years ago.

Four killed in crash

An underage driver, recently diagnosed as an epileptic and three passengers died when their car ploughed into a wall. Christopher Darby, 16, of Nuneaton, lost control on the B414 Lutterworth Road outside Nuneaton, Warwickshire. He and Gavin Knights, 20, Emma McGee and Claire Hughes, both 16, died instantly. Two others were injured.

Child pornography case

A father of two who used computers at Newcastle University to collect child pornography from the Internet has been fined £1,000. Graham Warren, 34, a researcher of Blyth, Northumberland, admitted ten specimen charges at Newcastle Magistrates' Court of possessing indecent photographs of children.

Baby mauled by dog

A two-week-old boy was recovering in hospital last night after he was mauled by the family dog. Brandon Rouse was bitten on the head after the dog leapt into his pram at his home in Beaminster, Kent, on Monday night. The child's father and aunt pulled the animal away from the child and yesterday it was to be destroyed.

Cluedo mystery solved

The hunt for the inventor of the murder mystery game Cluedo is over. Anthony Pratt, who devised the game in 1948, died two years ago and is in Bromsgrove Cemetery, Birmingham. "Unfortunately Mr Pratt did not leave a will or children," makers Waddingtons said. "He died of natural causes, aged 89. There were no suspicious circumstances."

Dead fireman honoured

The widow of an off-duty fireman who died trying to rescue a young girl from a frozen lake was presented with a posthumous George Medal by the Queen. Michael Mee, 48, right, and Jack Crawshaw, 51, a retired grocer, tried to save Tracey Pattison, 11, at Hemsworth Water Park, near Pontefract, west Yorkshire, last December. The girl had fallen in after following a dog. Mr Mee and Mr Crawshaw, whose family also received a George Medal, fell into the water when the ice collapsed. All three drowned. Elizabeth Mee said: "We never expected to be at Buckingham Palace. I see this as a new beginning — as I know Michael would have done." Since 1977, when it was decided the George Medal could be awarded posthumously, there have been only 18 such awards. The medal for civilian gallantry is second only to the George Cross.

SCENTS OF WONDER.

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THE TIMES WEDNESDAY NOVEMBER 27 1996

Patients wait as hospitals struggle to balance books

By JEREMY LAURANCE AND DOMINIC KENNEDY

SIGNS of increasing pressure on the NHS emerged yesterday in frantic manoeuvring by health authorities and hospitals to balance their books.

Documents seen by *The Times* show that, in West Surrey, the local health authority is planning to cut eight common operations by 40 per cent to save £1 million, and a hospital in south London is juggling its waiting lists to maximise its income.

The measures are the latest indication of the difficulties facing the NHS, which is struggling with its tightest financial settlement for a decade. Many health authorities are overspent and some have postponed all non-urgent surgery until the next financial year.

West Surrey Health Authority is to impose big reductions in certain procedures, includ-

ing hysterectomies and insertion of ear grommets, which it says are of "variable benefit". Local doctors claimed the cuts threatened the principle of a universal NHS.

The health authority is facing an £11 million overspend this year. A paper drawn up for the authority by the Director of Public Health, seen by *The Times*, proposed cutting provision of eight surgical procedures to 60 per cent of the average in South West Thames.

"As well as grommets, which are used to treat glue ear and hysterectomies, the list includes operations on adenoids, tonsils, haemorrhoids and varicose veins, circumcision and endoscopies (internal investigation of the gut)."

A ninth procedure, vasectomy, should be withdrawn altogether from availability on

the NHS, the paper says, in breach of guidance issued by the Health Department earlier this year.

Dr Alan Close, a GP fundholder in Woking, said cutting procedures such as adenoidectomies was very contentious. "It will hit the working classes who have hearing problems and then develop educational problems. It undermines the principle of a universal NHS," he said.

By imposing the reductions across the board, the health authority had hoped to avoid charges that it was creating a two-tier service. A spokesman for the authority said the size of the reduction and the operations affected have still to be agreed by the full health authority. He said: "The difficulty with many of these procedures is that it is impossible to know before you start

who will and who will not benefit."

In south London, an NHS trust has begun shuffling patients on its waiting list to save money. A memo to surgeons at St Helier Trust says the hospital has treated too many patients from some health authorities and not enough from others. It proposes juggling appointments to ensure more of the outpatients treated come from authorities that have not overspent their budgets.

The memo says that up to one in five appointment slots will be reserved for non-urgent patients from "selected purchasers" who will get speedier treatment.

The Merton and Sutton Community Health Council said the move prioritised patients on the basis of money rather than need.



Doubt cast on forecast of CJD deaths

By MICHAEL HORNSEY
AND NIGEL HAWKES

AN EXPERT on infectious diseases cast doubt yesterday on predictions that hundreds of people will die every year from the new strain of CJD, the condition linked to eating contaminated beef.

The forecast of the likely death toll from the human form of "mad cow" disease is contained in a paper submitted to *The Lancet* by scientists at the National CJD Surveillance Unit in Edinburgh. The journal said yesterday that the paper has been circulated for peer review and no

decision has yet been taken to publish. It refused to discuss the paper's findings.

Professor Roy Anderson, of the Wellcome Trust Centre for the Epidemiology of Infectious Disease at Oxford University, said it was impossible to extrapolate forwards when the incubation period of the new strain of CJD was unknown and there had been only 14 confirmed cases so far. "My own view is that it is very difficult to say anything sensible scientifically about this issue at present," he said.

Professor Anderson also said that the Government's cull of cattle over 30

months old could eradicate BSE by mid-1998, three years earlier than previously predicted. He estimated that about only 150 animals under that age were still carrying the disease.

The Department of Health said officials had not yet seen the paper. "We recognise the need to try to make predictions, but at this stage any forecasts must be viewed with extreme caution," a spokesman said.

Scientists generally agree that the risk from infected beef peaked in 1988-89 when the number of cattle incubating the disease was highest and the most infective parts were still going into human food.

Work began yesterday to move the turf from Wimbledon's No 1 Court to a new venue. It will take three days to dig up the grass surface in preparation for the demolition of the arena, which is to be replaced by an 11,500 capacity stadium. Although the arena has reached the end of its life after 72 years, the grass will continue to play host to top-class tennis. Tomorrow it is due to be bundled up and taken by lorry to Eastbourne, East Sussex, where it will be laid on Devonshire Park international tennis centre's main court. A spokesman for Wimbledon said: "We wanted the turf to remain in Britain and if it had been sold at auction it could have gone to a private bidder from abroad." The £100,000 cost of buying and moving the turf, as well as purchasing some of the seats and memorabilia from the court, is being met by the Lawn Tennis Association, Direct Line Insurance and Eastbourne council. The council said: "Eastbourne is proud to continue the traditions of Wimbledon."

Man dies in food poison outbreak

Rare but deadly gut infection

MEDICAL BRIEFING

AN 80-year-old man has died from an outbreak of food poisoning that has hospitalised 85 people. The unnamed man, who contracted *E. coli* O157, died in Monklands District Hospital, Lanarkshire Health Board, said that 85 people had shown symptoms consistent with infection from the bacteria. Of those, 68 are adults.

Investigations into the outbreak have centred on a pizzeria in Wishaw, Lanarkshire, but other sources have not been ruled out. Dr Saeed Ahmed, consultant in public health medicine at the health board, said that 85 people had shown symptoms consistent with infection from the bacteria. Of those, 68 are adults.

Dr Ahmed said that nine adults and one child were giving cause for concern. At present, 40 people are being treated in hospital and of these 33 are adults. He also confirmed that one child, believed to be a girl aged seven, is stable in a Glasgow hospital where she is undergoing dialysis treatment.

INFECTION with *E. coli* O157-H7 is one of the most unpleasant forms of food poisoning but is so rare in this country that even the most hypochondriacal of people need not worry about it. Those who are not put off eating beef by BSE are unlikely to reject under-done steak on account of such an uncommon organism.

This year there have been three notorious outbreaks of *E. coli* O157 that have attracted attention. In Japan, slovenly attitudes to hygiene in wholesale butchery caused an epidemic that threatened to close the schools over a large area of the country. In some Japanese communities to be a butcher is to be virtually

unapproachable so that the people who enter the trade are not usually of the highest calibre, have little self-respect and are poor pupils when it comes to learning about public health.

This autumn 65 people in seven American states contracted *E. coli* O157 as a result of drinking contaminated unpasteurised apple juice.

The outbreak in Scotland is similar in size to the American incident but the cases are concentrated in a small area. Suspicion has been cast on cooked meats served at various functions in the district. The butcher whose premises are suspected of harbouring the organism is unlike his Japanese counterparts, a highly respected man in the local community and admired for both the standard of his meat and the care he takes to meet his customers' needs.

All animal guts, including those of humans, are teeming with *E. coli*. Most strains are compatible with health and perform a useful function. Every country, and every district within it, has its local types of *E. coli* and travellers' diarrhoea occurs when a tourist is suddenly exposed to an alien strain of the organism.

Some types of *E. coli* are pathogenic and can cause gastroenteritis, and there are a few serotypes, of which *E. coli* O157 is the most common, that cause haemorrhagic colitis, a bloody diarrhoea. The patients in Scotland are now suffering from haemorrhagic colitis caused by infection with *E. coli* O157. Usually about 24 hours after infection the patient develops severe abdominal pain and profuse diarrhoea. Much blood is lost. The patient's temperature rises to 103F.

In the early stages of the disease, a certain number of elderly, or very young, patients will succumb to the infection. Others, about 5 per cent, will in the second week after infection develop haemolytic uraemic syndrome (HUS), or thrombotic thrombocytopenic purpura which are two related, dreaded complications of haemorrhagic colitis. Patients with those complications are liable to suffer from sudden breakdown of their red blood cells and acute kidney failure.

In HUS most younger patients will recover, provided that renal dialysis is available, but the elderly are at greater risk. In the American outbreak caused by the apple juice, three patients developed HUS, of whom one died. If women develop HUS when pregnant they are unlikely to recover renal function.

Skinned Alive, Clubbed to Death, or Shot and Left to Die in Agony. A Sure Sign That Spring is in the Air Again.

Last spring over 268,000 harp and hooded seals were killed in Canada. Next spring, some Canadians want to kill up to 400,000*. About three quarters of these are likely to be baby seal pups. Days or weeks old. A call of grey seals has also been recommended.

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S.O.S. Sign On for Seals - add your name to IFAW's campaign against cruelty and receive an information pack.

Ring FREEPHONE 0500 18 18 18. Expose Canada's Shame.

*See "Red Report", Action on Seal Hunting Trade, March 21, 1995, Section 1, Part 1, London, 1995. IFAW, London, 2nd October 1995.

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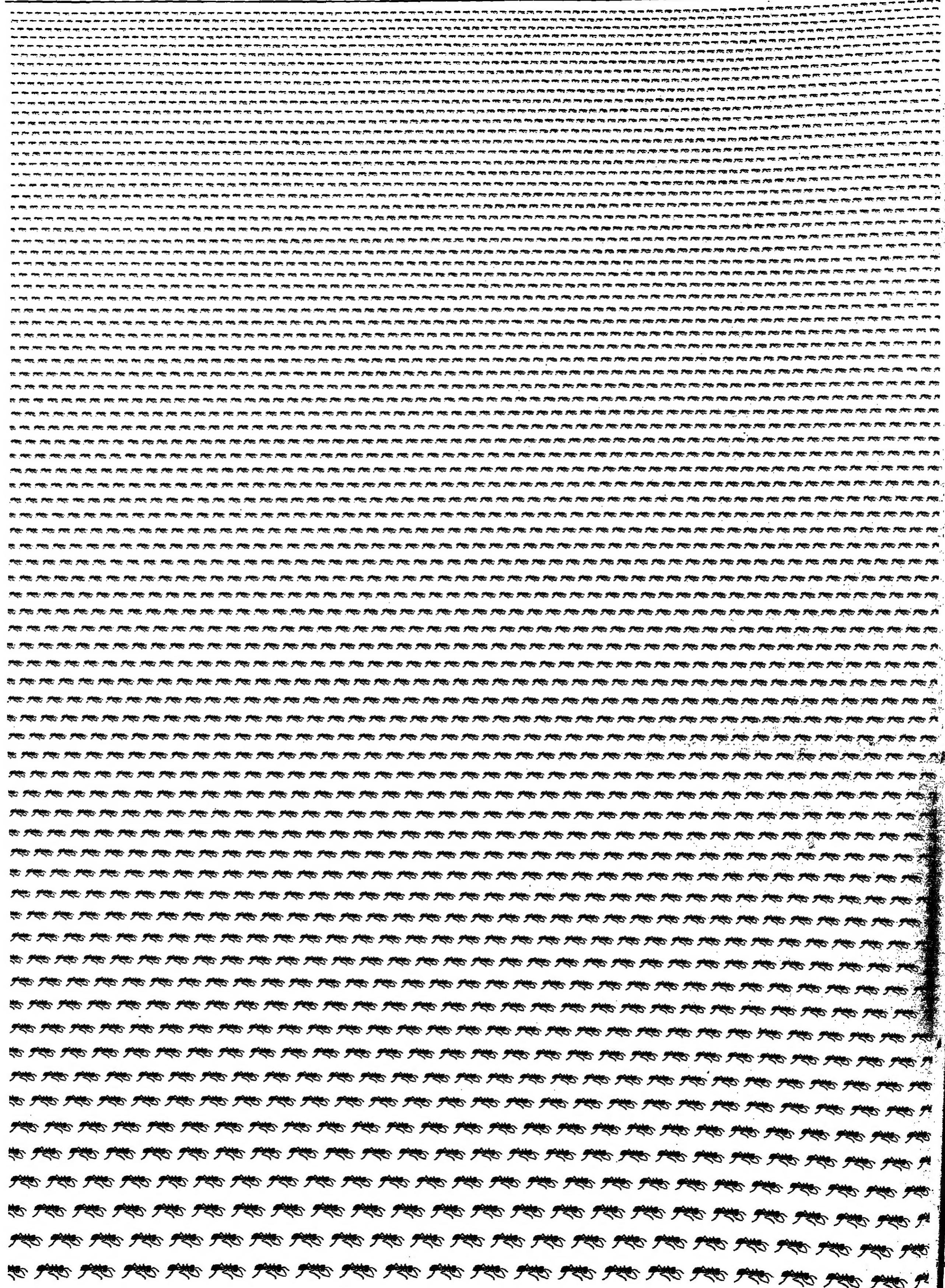
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Defiant strikers tighten noose around capital with blockade of main Paris fuel depot

France set to meet drivers' demands as dispute spreads

FROM BEN MACINTYRE IN PARIS

THE embattled French Government offered to help meet the demands of striking French lorry drivers yesterday as a paralysing nine-day dispute spread to other industries and protesters tightened the noose on Paris by blockading the city's largest fuel depot.

Yet another round of all-night negotiations between the lorry drivers' unions and haulage bosses ended in stalemate and leaders of allied unions called for a general protest today and threatened to extend the stoppage to rail and air transport.

Fearing a mass disruption similar to last year's 24-day transport strike, the Government said it was ready to help end the dispute by aiding early retirement for drivers and cutting employers' payroll taxes.

The lorry drivers are demanding higher wages, shorter working hours and retirement at 55 rather than 60, but employers say they cannot begin to meet those demands without a reduction in the heavy social charges levied by the state.

Roger Cros, the government-appointed mediator, claimed that "significant progress" had been made on agreeing changes to sick leave, expenses and other issues, but the drivers' unions insisted their central demands had not been met. The failure of negotiations and fears of a government cave-in pushed the franc to below 3.39 to the mark.

"It is in nobody's interest to extend the dispute to other sectors. The state is ready to take responsibility, in particular by facilitating an agreement on retirement and by contributing to payroll charges," Alain Lamassoure, the government spokesman, said.

But buoyed by public sympathy and the support of fellow unions, the lorry drivers are pressing demands for wage rises as their blockades of roads, ports, border

crossings and fuel depots grow tighter by the hour. At dawn yesterday the strikers used two tanker lorries to block access to the Grigny fuel depot south of Paris.

Grigny supplies more than 90 per cent of fuel to the capital's huge hypermarkets, as well as petrol for ambulances, police vehicles and fire trucks. The move was a calculated act of defiance by strikers, since Grigny is also the depot used by the military, which might eventually be brought in to end the dispute.

The depot supplies 1.5 million gallons of petrol to the Paris region every day and by yesterday morning more than 50 tankers were lined up outside the gates. Police did not intervene to remove the blockade, but officials gave a warning that if the depot was sealed off for more than two days, Paris would face serious fuel shortages.

More than 180 key roads were wholly or partially blocked by the drivers yesterday, while blockades of Calais and Boulogne remained in force. The motorway between Lyons and Grenoble was blocked, causing ten-mile tailbacks, and the city of Clermont-Ferrand was effectively cut off by the dispute.

With dozens of fuel depots sealed in southern and west-

ern France, local officials began rationing petrol as scores of petrol stations ran dry.

Road freight shipments from the Mediterranean to the Channel remained at a virtual standstill, fish shipments in western ports began to rot on the quays and a number of factories, including the Renault plant in Douai, have stopped work through lack of spare parts.

Talks were due to resume last night but as the strike bites into the economy allied unions have rallied around the drivers. "The truckers must make themselves heard a bit more so that the bosses and the Government make more concessions," Alain Renault, of the Communist CGT union, said.

The CGT has called for a "day of action" across the country today, and the powerful Force Ouvrière union said it would extend the industrial action to other transport sectors unless an agreement was reached by last night. The CGT and FO spearheaded last year's crippling strikes.

Nicole Notat, head of the moderate CFDT union, the largest in France, issued a final appeal for reason on the part of employers.

The five major rail unions called on members to support the strike "by all appropriate means". France's state-owned gas and electric utilities announced a 24-hour strike for December 3 and Air France and other French airlines will launch a two-day strike from today.

The Government, deeply unpopular due to austerity policies aimed at qualifying for European monetary union, has been further destabilised by the dispute.

Despite mounting rumours of a Cabinet shake-up to try to breathe new life into the Government, M Lamassoure was adamant yesterday: "A reshuffle is not on the agenda," he said.



A gendarme tries to stop a British driver from punching a striking French lorry driver at Calais yesterday. The nine-day transport dispute has left thousands of frustrated British lorry drivers stranded in France

Tesco starts to airlift food supplies

BY JOANNA BALE AND ROBIN YOUNG

BRITISH supermarkets were yesterday busy making plans to replace thousands of tonnes of food stock because of the French lorry drivers' dispute.

Tesco began flying fresh fruit and vegetables into Britain during the afternoon.

Peter Durose, the supermarket chain's produce buyer, said the suppliers and Tesco would absorb the air-freight costs. He added: "At this time of year we source a

lot of fresh salads from Spain. Our suppliers are having difficulty getting their trucks through the blockade."

Other supermarket chains, though, said that air freight was "hideously expensive". Asda said: "We could only consider it is a very last resort."

Sainsbury said: "We are largely unaffected. We are not experiencing any major shortages. Where necessary, we will air-freight products."

Safeway said it was experiencing problems transporting some citrus fruit and other produce from Spain and was looking at alternative transport arrangements.

The Somerfield chain said: "This is the worst time of year that this could happen. At this season more than 40 per cent of our fresh food supplies are imported from or through France, 100 lorries loads a week for Somerfield alone. Already our own-label mandarins are blocked in Bilbao and the supplier has been told it will take two weeks to bring them by sea, which is longer than their shelf life. We are having to 're-source' the product."

The products most likely to be affected by the blockade are those from France itself, including apples, pears, butter, cheese, yoghurt and extra wines for Christmas. Alternative sources exist in most cases. "We may be selling Brie from Somerset and wine from Spain, Portugal or the New World," Somerfield said, "but we will make sure no one goes short."

John Major was heavily criticised by hauliers' organisation yesterday for failing to

intervene in the dispute. Adam Wurff, for the Freight Transport Association which represents half of Britain's hauliers, said: "This is a catastrophe for many hauliers, especially the one-man outfits. Many have been stuck in France for up to nine days. We need a solution to the dispute immediately and we want more support from the Government."

"It amazes us that no state-

MORE FOREIGN NEWS, PAGE 21

ment has come from Mr Major and that there is no sign that he has been in touch with the French Prime Minister, Alain Juppé."

The Freight Transport Association also warned drivers that it was "too dangerous" to try to break the blockade, predicting violent reaction from French strikers and police officers.

Mr Wurff said that the dispute had already cost his members £4 million.

British firms are having to pay under penalties for late deliveries, re-route lorries through The Netherlands and Belgium, hire extra vehicles to replace those caught in the blockade and pay to use other European countries' roads. This is on top of the £150-a-day wages and expenses for stranded drivers.

Two drivers broke through the blockade in Calais on Monday. One, Tony Dixon from the Irish Republic, was stopped by French police who said they would arrest anyone

breaking the protest. Later a second lorry, with a British driver, also broke through, with police allowing its driver and Mr Dixon onto a Dover-bound ferry.

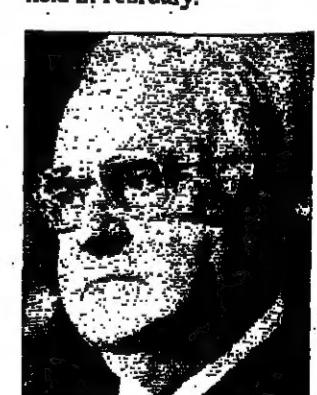
There was also a dispute between one British lorry driver and a French union official as British drivers were blocked while French drivers loaded their lorries onto a Dover-bound ferry. French police officers also threatened British drivers with teargas for trying to stop cars from getting onto ferries in Calais as a protest against the strike.

With the blockade spreading to Calais earlier this week, all freight traffic has been rerouted via Zeebrugge. Crossing times are longer, four hours to one of the Belgian port instead of one and a half to Calais, so hundreds of lorries have been delayed on the English side of the Channel, causing long queues yesterday on roads into Dover.

The police said: "All truck stops are full, lorries are being stacked on the A20 and there are tailbacks on the M20 and other approach roads."

At one stage, more than 80 lorries snaked up Jubilee Way, the approach to the Channel's busiest port. Most of the drivers at Dover were resigned to the delays: their main complaint was over the lack of information about departure times.

Roy Dempster, who is carrying steel from South Wales to Switzerland, said: "I spent all night in the truck stop at Ashford and no one had a clue what was going on. There was no official information, just rumours and speculation."



Kohl: has delayed promised tax cuts

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Rock band roadies stuck in jam

BY STEPHEN FARRELL

THE French blockade continued to trap hundreds of British lorries yesterday, including two carrying 21 tonnes of stage equipment for the rock band Status Quo.

As the band prepared to cancel the Belfast leg of its "Can't Stop" European tour, their instruments, costumes and speakers were spending a third day behind a barricade of French juggernauts at the dockside. Robin Fraser, 41, and Mick Bird, 44, the band's drivers, have been stuck at the port since Sunday evening.

Mr Fraser, from Bristol, said: "The guys did a runner from the stage and were two hours ahead of us when we left Lille and their bus went straight through on the boat. "It doesn't bother me too much. I spend my life sitting around doing very little at the back of concert halls waiting for concerts to start or finish. I can sit here until the cows come home."

Pickets allow Briton and his sick child to take ferry home

FROM STEPHEN FARRELL
IN CALAIS

ONE British lorry was allowed through the Calais blockade yesterday because its driver had his sick 11-year-old daughter with him. Chris

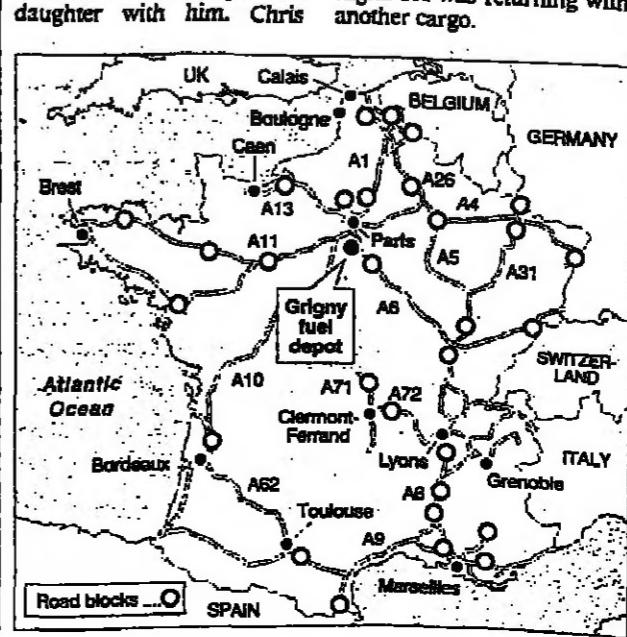
Tovey, 39, from Gloucestershire, had been stuck on the dockside with his daughter Samantha since Sunday evening after delivering a Royal Mail load to France on Friday night. He was returning with another cargo.

Mr Tovey had his valuable load behind. He finally persuaded them to let him go, and he caught a ferry to Dover last night.

Mr Tovey, a single parent, said he often took Samantha with him but left his other daughter, aged nine, with friends.

"When I got to Calais many French union men at the port said 'forget it, you can't go through'. I tried and tried but I could not persuade them at first. I told them it would look good if they let us through as a show of compassion. Their concern was that the other English drivers would ram the barricade to follow me, but the other truckers, who I have worked with for years, agreed to let us go."

Philippe Rauld, of the French union CFDT, said: "We let him go for humanity and not publicity reasons."



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WEDNESDAY NOVEMBER 27 1996

Mantra of prosperity is Clarke's key to success

THE use of the word "prosperity" at least a dozen times in the first 15 minutes of the Budget speech put me in mind of one Norman Lamont's Budget, in which I noticed that the word "inflation" outnumbered references to economic growth by a factor of ten-to-one. The contrast is more than semantic. If Kenneth Clarke has managed to deliver a Budget that will please financial markets, satisfy economists, mollify Tory backbenchers and perhaps even win over a few undecided voters, the key to his success lies in that mantra of "prosperity".

The strength of the British economy has given Mr Clarke the buoyant tax revenues he needed to devise a well-balanced Budget, with something in it to please almost everyone and nothing, at least on the surface, to cause too much grief. He has cut income taxes, increased spending on frontline public services and

yet reduced the Government's deficit to ease upward pressure on interest rates and the pound.

Mr Clarke has been able to do all this in part because he has sensibly cast his tax net much wider than many previous Chancellors—to pull in many billions of extra revenue from undetected industries such as insurance and aviation, and by putting an end to VAT underpayments, profit-related pay and numerous other scams. As a result of these measures, the net loss of revenue from this Budget will be only £735 million in 1997-98, despite an impressive reduction in income tax worth £3.4 billion in a full year. Beyond 1998, as the extra money from phasing out the profit-related pay scam adds up, this Budget will actually produce a net increase in taxes of nearly £1 billion. This, in other words, was a considerably tighter Budget than the

City's expectations, which average a £2.5 billion net tax cut. However, the strong growth of the economy was Mr Clarke's main advantage in framing this Budget, as well as his biggest temptation. Mr Clarke could have used the Treasury's projections of strong revenue growth as an excuse to make much bigger pre-election tax cuts. He wisely resisted, heading instead the views his advisers, who pointed out that any increase in the government deficit would force him to raise interest rates sharply and threaten a return of Nigel Lawson's boom and bust.

The best news item from the Budget was a sentence that Mr Clarke never uttered, but which was obviously never

far from his mind. This Budget should allow interest rates to remain roughly stable between now and the general election and could prevent any further significant rise in the pound. Another quarter-point increase in base rates in January or February is still quite likely if economic growth continues to accelerate. But the threat that base rates would rise to 6.5 per cent or even 7 per cent by May can now be ruled out.

What then were this Budget's main defects? Some of Mr Clarke's tax reforms will hit productive investment—his reduction in capital allowances for long-lived machinery seemed particularly ill-judged. Having cast the net as far as he

did in his search for tax scams and environmentally beneficial taxes, he could have been even more ambitious—phasing out profit-related pay more quickly, adding more to the taxes on polluting fuels and perhaps taking another bite out of mortgage tax relief. But these are relatively small quibbles. The most important criticism was the one immediately made by Labour spokesmen.

Mr Clarke's upbeat presentation of his public spending programme disguised some pretty savage cuts hidden in the details of the public spending numbers, but most of these are only supposed to bite from 1998 onwards. While Mr Clarke could be accused of electoral chicanery for trying to commit the next Government to tougher policies on public spending than he himself has been prepared to pursue, the same figure

could equally plausibly be given an opposite, more upbeat spin.

By next November another Government, whether Tory or Labour, will be in office, and if the economy remains as prosperous as Mr Clarke is predicting, that Government will be faced with the not too unpleasant choice between making further tax reductions or restoring some of Mr Clarke's planned spending cuts. In other words, whether this Budget turns out to be a workmanlike effort to maintain prosperity or a straitjacket for the next Labour government will depend on one and only one question. Will the economy continue to deliver today's happy combination of falling unemployment, low inflation and reasonably rapid growth? By sticking to his oft-repeated nostrum that "good economics is good politics", Mr Clarke has made this happy outcome much more likely.

Chancellor closes tax avoidance loopholes

BY MARIANNE CURFREY AND JASON NISSE

A STRONG package to crack down on benefit fraud and penalise big businesses which use sophisticated ruses to avoid paying tax was the cornerstone of the Budget.

Dubbed "Spend to Save", it is a two-pronged attack on tax cheats who cost the government at least £7 billion a year in lost revenue. The measures tackle tax avoidance by individual welfare claimants and corporations.

Businesses suspected of using legal loopholes to reduce their tax bill face investigations by a team of Inland Revenue officers. Guilty parties will have to pay hundreds of millions of pounds in extra tax.

Individuals suspected of working while claiming bene-

fits, and those found to be claiming twice, will be subject to rigorous investigation.

The package will cost £800 million over the next three years but Mr Clarke predicted it would recoup more than eight times that amount, £6.7 billion, by eliminating welfare fraud. It is intended to tighten checks on people attempting to run cartels of fabricated claimants.

Mr Clarke also indicated his intention to seek out companies who had previously been "economical with their tax". Although the Chancellor aims to recover almost £7 billion worth of unpaid tax, some industry observers calculate that the Government loses more than three times that amount every year. Martyn Bridges, a partner with Deloitte & Touche, estimates that individuals and

corporations successfully avoid paying taxes totalling between £10 billion and £25 billion every year.

The Chancellor has set a target of £5 of tax saved for every £1 spent, but the Inland Revenue has found that closing loopholes used by multinationals recovers £20 in tax for every £1 spent. "Spend to Save" will be supported by extra Inland Revenue investigators and Customs & Excise Officers, who will be drafted in to tackle VAT and other tax abuses, including the smuggling of alcohol and tobacco.

Mr Clarke said: "We want to combine a strong affordable welfare system with a successful low tax economy. That means that when we spend money on social security, it must only go to those who need it. It also means that when we levy taxes we must make sure that they are paid by those who ought to pay them. Tax cheats put law-abiding small entrepreneurs out of business. We all lose from that."

The campaign will include a crackdown on some of the schemes that companies legally employ to avoid paying VAT. This should raise an extra £750 million next year, and protect a further £1.5 billion a year of existing revenue. Among the areas targeted are firms using relief on bad debts to shield unrelated profits from tax, charging a high element of VAT-exempt insurance on goods sold by retailers; and closing the telecoms loophole, which allowed companies to prey on telecoms services from outside the European Community, so avoiding a VAT avoidance measure announced earlier this year.

However, although the Chancellor announced a massive crackdown on schemes which evade VAT, he was forced to back down on the one measure already announced as coming into force. Faced with challenges in the UK courts, the House of Commons and in Europe, he dropped the proposal to allow Customs & Excise to claim six years of underpaid VAT while restricting claims to three years in

cases where too much VAT had been paid. This move was announced in July.

Last week Customs & Excise was told it had acted illegally in stopping repayments prior to this rule becoming law and Brussels said it was watching the situation closely. Now the Inland Revenue will only be able to go back three years when claiming underpaid tax.

The Budget brings in a whole raft of tax avoidance

measures, the most controversial of which will bring down the barriers which currently stop the Department of Social Security passing on confidential information to Inland Revenue and Customs except in extreme cases.

The Chancellor is also stopping companies from paying their staff in their own shares as a way of avoiding National Insurance contributions. This is the latest loophole closed,

Extra cash averts hospital crisis

BY JEREMY LAURANCE, HEALTH CORRESPONDENT

STEPHEN DORRELL has pulled it off. The spectre of a crisis in the NHS this winter has receded after the Health Secretary stole the plums from the Chancellor's table.

Mr Dorrell won an extra £1.6 billion for the health service in England in 1997-98, a rise of 5 per cent on this year's budget of £31.5 billion. In real terms, this amounts to an increase of £970 million or 2.9 per cent after allowing for 2 per cent inflation as projected by the Treasury.

The real terms increase of almost £1 billion is double the extra money Mr Dorrell was widely said to have secured from the Treasury. This is in line with ministers' strategy of damping down expectations in order to create greater joy when the announcement is made.

For the Hospital and Community Health Service, which has been especially hard-pressed this year, the rise is almost £1.2 billion or 3

per cent in real terms. The GP service, which is facing recruitment problems, is to get an extra 3.2 per cent in real terms.

Medical organisations responded with relief. Philip Hunt, director of the National Association of Health Authorities and Trusts, said he was delighted at the figure: "It's the kind of target

THE NHS

we have been calling for. This will allow us to roll over some of this year's financial problems and meet next year's commitments."

However, Mr Hunt said the 2 per cent allowance for inflation was low and would require a tight rein on costs and pay increases.

Prescription charges are to rise by 15p from next April, to £5.65, a 2.7 per cent increase in line with inflation.

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£5m for World Service avoids programme cuts

BY MICHAEL BINNEY

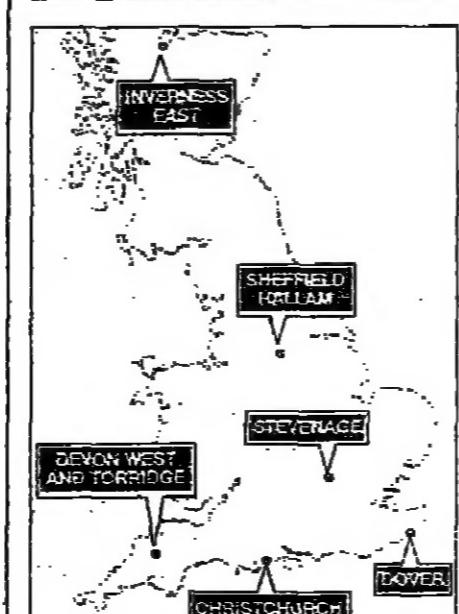
THE Foreign Office clawed back a small increase in its budget from the Chancellor, allowing it to give vital new expenditure to the BBC World Service and the British Council.

The World Service will next year have an extra £5 million on its budget, of £166 million, an increase of 3 per cent, which will allow it to maintain its range of foreign-language broadcasting and avoid cutting programmes and transmitting facilities. The extra money will also pay for new technol-

ogy, especially digital audio broadcasting, and allow the World Service to buy time on satellite.

The grant comes after a year of turmoil as a result of plans by John Birt, Director-General of the BBC, to amalgamate much of the World Service production with domestic broadcasting. The World Service won backing from Malcolm Rifkind, the Foreign Secretary, for a full review of these changes, and now has a guarantee that it can main-

REACTION IN THE MARGINAL CONSTITUENCIES



TAX changes appeared to have little immediate effect on the Conservatives' election prospects, according to a Times straw poll of voters in six constituencies where the Tories have small majorities or are close challengers.

The fuel increase was attacked in rural Devon West and Torridge, and also in the four-way marginal Inverness East, Nairn and Lochaber, where some claimed it was anti-Scottish because so much has to be transported there by road.

Failure to cut business rates featured in many comments. In Dover—which has a Tory majority of just 833—voters said the Government had not done enough to bring in new jobs.

In the once-Tory seat of Christchurch, there was a little more enthusiasm, but most said they would still vote Liberal Democrat. Some even said that the Chancellor should have put taxes up to pay for more health and education, as did voters in Stevenage, Hertfordshire, a key battleground between the Tories and Labour.

BUDGET '96

Interest rate rises could soon cancel out tax cuts when the 'virtuous' Clarke meets Eddie George

KENNETH CLARKE began yesterday by declaring that he would neither play Scrooge, a role for which his girth disqualifies him, nor Santa Claus, a part for which his ample form and red cheeks make him a natural.

True to his word, he gave with one hand and took away with the other, introducing some modest tax cuts but removing some benefits.

In an unfortunate phrase that recalled the late Bernie Cornfeld, an infamous investment fraudster who attracted clients to his funds with the phrase "do you seriously want to be rich?" Mr Clarke told the nation that they "seriously wanted to be prosperous".

He then presented them with a range of tax cuts and

improved allowances intended to leave a worker on average earnings £2.88 a week better off.

However, 3.7 million employees in profit-related pay schemes will be feeling less than enthusiastic. Ian Barlow, UK head of tax at the accountants KPMG, predicted that the phasing out of profit-related pay would cause pain to thousands whose companies could not afford salary rises to replace the tax-free portion.

The 22 million workers who are not members of profit-related pay schemes were told by the Chancellor

that they had had to foot the £1.5 billion bill for this tax dodge for employers. However, they can now look forward to paying more for their insurance policies and their holidays, following the rises in air passenger duty and insurance premium tax. Worse still, they can expect higher mortgage rates.

The Chancellor may have believed that his "virtuous" Budget will have lessened the pressure on inflation and so the need for higher interest rates. But many disagree, believing that Eddie George, Governor of the Bank of England, will still press for

higher rates when the bulky duo meet next month. This will cancel out the tax cuts.

In order to make ends meet, more families will perhaps have to take advantage of another Budget measure, the Rent-a-Room

scheme. Anyone taking in a lodger will be able to earn £4,250 in rent, against £3,250.

In his speech he made much of raising the tax threshold, so removing close to half a million people from the income tax net. Less emphasis was put on other changes, including the increase in the higher-rate tax band and the 1 per cent cut in the basic rate of income tax.

Like so many of his predecessors at No.11, Mr Clarke posed as the friend of the low paid. Closer scrutiny, however, shows him to be more a pal to those who earn around £30,000 a year. That these people will do best out of the income tax changes is no accident. Mr Clarke wished to cosy up to the politically wavering middle managers.

As he neared the end of his speech, the Chancellor pronounced that his measures

meant that the average family would be £370 better off next year and £1,100 better off since the last general election.

He took care not to define this until dreamt up by some Treasury boffin, with little resemblance to a real household. For example, the figures assume that the putative wage-earner has each year received a pay rise of above the rate of inflation, from £200,000 to £215,000. He is disappointed many by failing to exclude houses from its scope. For the umpteenth time, he affirmed his party's pledge to abolish the tax. But then he never has yet abolished a tax.

favoured marriage. The married couple's allowance was raised from £1,790 to £1,830 but since it is given only at the 15 per cent rate of tax, it will be worth just £275 a year.

The elderly were the group forgotten by this Budget. There were no special savings schemes or decreases in the rate of savings tax to compensate for the meagre returns now being paid on savings accounts. Although the Chancellor raised the inheritance tax threshold by more than the rate of inflation, from £200,000 to £215,000, he is disappointed many by failing to exclude houses from its scope. For the umpteenth time, he affirmed his party's pledge to abolish the tax. But then he never has yet abolished a tax.

Extra £325m 'will damage tourism here and abroad'

By MARIANNE CURPHAY AND HARVEY ELLIOTT

AN EXTRA £325 million a year will be collected because of the doubled rate of air passenger duty. Travellers flying within the UK and to the Continent will pay £10 instead of £5 in duty, while those flying further afield will have to pay £20 instead of £10.

The rise will come into effect in November 1997, after next summer's peak holiday period, to give tour operators time

to amend their brochures to take account of the additional costs. It will coincide with sharp increases in fuel prices working their way through the system. Airlines are now having to commit to fuel for next winter and face increases of up to 43 per cent.

The airport tax, introduced in the Budget of November 1994, stunned the travel industry,

which had been campaigning against the threat of VAT on air fares.

Yesterday, the Chancellor justified the rise by saying that the UK holiday industry was booming and 40 per cent of the revenue raised would be paid by visitors from overseas. The duty is levied when the airline ticket is purchased.

Most airlines and travel companies have absorbed a proportion of the tax to keep prices down, but they fear that they can no longer continue to do this. A spokesman for Thomson Holidays, the biggest tour operator in the UK, expressed disappointment at the rise. He said: "In a competitive market, no tour operator is keen to raise their prices, but we cannot keep absorbing this duty. This time it will be the consumer who shoulders the burden."

The Federation of Tour Operators, which represents

nearly all the main UK holiday companies, said: "This is a great disappointment to us and will put up the price of winter 1997-98 and summer 1998 package holidays."

Geoff Lipman, president of the World Travel and Tourism Council, said: "It not only hits the UK holidaymaker and businessman in the pocket, and seriously damages one of the country's key export growth markets — inbound

tourism — but it also hits everyone involved in the service industries."

When the tax was first introduced two years ago, it was feared that it could prove the thin end of the wedge and be a permanent target for further increases. All sections of the industry, including British Airways, ABTA, the Federation of Tour Operators and the British Tourist Authority, wrote a joint letter pleading

with the Chancellor not to raise the tax again. It was widely thought that the message had hit home.

Richard Tobias, of the British Incoming Tour Operators Association, said that the move would "erode Britain's competitiveness". Martin Brackenbury, of the Federation of Tour Operators, said that the industry would lobby and fight the proposals through the Finance Bill. "We absorbed the tax since 1995 and as a result there are now one million fewer holidays

being taken. This big increase can only affect those people who cannot afford to pay the top prices. The rich will not worry by an extra £5 or £10 on their holidays, but the family for whom a foreign holiday is marginal will be badly hit and many will no longer be able to afford to go away."

ABTA described the increase as "a poll tax on holidaymakers" which would be deeply unpopular.

The announcement is a blow to the insurance industry which vehemently opposed the introduction of insurance premium tax in the Novem-

ber 1993 Budget to apply with effect from October 1, 1994, to most forms of general insurance. However, some in the sector had predicted that the tax would rise to 6 per cent.

The move will raise £450 million a year for the Treasury, bringing the total collected from non-life insurance policyholders to £2.2 billion for the next full financial year.

It will add £5 to the average household contents premium of £125, £5 to a medical insurance policy costing £30, and £7.60 to a buildings insurance policy of £100.

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BUDGET 96

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Prudent cuts put extra £150 a year in average pocket

By CAROLINE MERRELL

THE STRATEGY of delivering a £2.2 billion tax giveaway by widening bands, increasing allowances and lowering the basic rate by one penny fulfilled the Government's goal of prudent cuts, but fell short of being an election-winning gimmick.

The tax changes mean a single person on an annual salary of £10,000 will pay £95 a year less tax, someone earning £20,000 will pay £195 less tax, while a single person earning £30,000 will pay £413 less tax. These represent tax savings of 4.5 per cent, 3.5 per cent and 4.93

per cent respectively. On average taxpayers will be £150 a year better off. The decision to cut one penny off the basic rate of income tax to 20p brings it one step closer to the 20p basic rate that the Government has been aiming for since 1979.

However, the Chancellor did promise that he would bring the basic rate of tax down to 20p as soon as he was able.

A cut to 20p this year would have cost as much as £7.5 billion — a move that would have been seen as stoking the inflationary pressures building up in the economy. With inflation picking up to 2.7 per cent last month and underlying infla-

tion hitting 3.3 per cent, Mr Clarke felt that a tax cut of greater than one penny would be too risky. He said: "I will continue to stay ahead of the game."

However, his decision to raise by £280 to £4,045 the threshold under which no tax is payable — three-and-a-half times the figure necessary to keep pace with inflation — will mean about 410,000 will stop paying income tax altogether.

Increasing the 20p tax band by £200 to £4,100, twice the inflation figure, will increase the number of people paying tax at only 20 per cent to just over seven million, or a quarter of those paying income tax.

INCOME TAX

Those paying only the lower rate of tax now have nearly doubled in number, since 1992, when just over four million people paid tax at only 20p. The Chancellor increased the basic rate band by £600, the rate of inflation, to £26,100.

Next year, an estimated 20 million people will benefit financially from the flotation or takeover of their building society or life insurance company. On average each payout will be worth in the region of £1,000, equivalent to an 8p reduction in tax for one year

only — this is also deemed to be adding to inflationary pressure.

In an effort to underline its commitment to family values, the Government has also increased the married couple's allowance by the inflation figure, from £1,790 to £1,830. This is the second time the allowance has been increased in the past two years. Relief on the married couple's allowance is currently 15 per cent.

For the previous six years, this allowance was frozen at £1,720. A recent report carried out for Christian Action Research & Education (Care) found that tax for married couples had increased 250 per cent

as a percentage of income, while tax for single people had only increased 23 per cent. Care, with the help of Michael Alison, the Conservative MP for Selby, is campaigning for further increases in the married couple's allowance.

Higher married couple's allowance. If one of the couple is aged between 65 and 74, the married couple's allowance is £3,115, which is rising to £3,185. If he or she is aged over 75 the allowance is £3,155, which rises to £3,225.

The Chancellor claims that the tax changes will mean that over seven million families will be £370 better off next year — this assumes wage rises of 1.5 per cent.

He also claims that the average family is now £1,100 better off than it was before the last election. He did not take into account increases in VAT and other tax in this calculation.

Pensioners also benefit from a

City expects rates to rise before poll

By JANET BUSH AND SARA MCCONNELL

THE "DECEPTIVELY LIGHT" Budget is not enough to head off more damaging rises in interest rates before the election, according to the City and to mortgage lenders.

City reaction was lukewarm with the money markets continuing to look for base rates to rise by more than a full percentage point from their current level of 6 per cent over the next year.

Mortgage lenders said that this would almost certainly mean a rise in rates for homeowners. Major lenders, with the exception of the Nationwide, held their standard mortgage rates steady when base rates rose by a quarter of a percentage point last month. A handful of smaller societies, including the Birmingham Midshires, moved their rates up, but a

Schwarz, chief economist at the Abbey National, the second largest lender predicted that base rates will rise by another quarter of a point, possibly in December but more likely in January, leading to an inevitable rise in mortgage rates.

She said: "This seems a fairly responsible Budget considering where we are in the political cycle. But it isn't quite enough for a monetary loosening. I think this will show in the cool light of tomorrow."

Jonathan Loxton, of HSBC Markets, said: "Eddie George will be asking for higher rates when he and the Chancellor meet on December 11. It is by no means certain that there is enough fiscal tightening in the Budget. Lenders will have to factor this in."

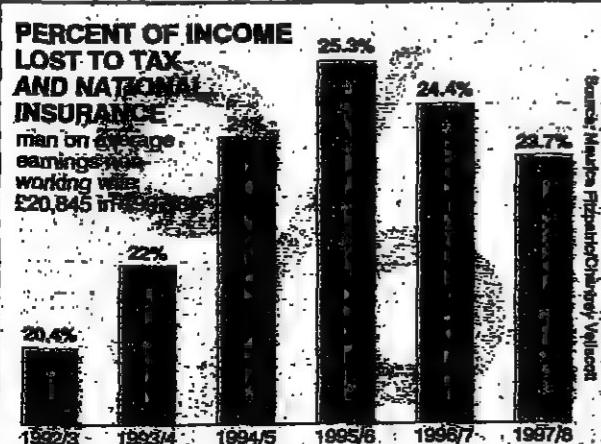
He noted, however, that the Chancellor will be reluctant to raise rates either just before Christmas or in January when the election campaign has started in earnest.

But despite these apparent signs of fiscal toughness there was considerable suspicion in the City last night both about whether spending cuts outlined in the Chancellor's speech were genuine and whether the Budget had been tight enough to result in strong economic growth.

Indeed, by the Chancellor's own reckoning, growth is set to accelerate next year to 3.5 per cent from 2.5 per cent this year with domestic demand growing by 3.75 per cent and consumer spending increasing by more than 4 per cent.

Even as the Chancellor sat down, the City was turning its attention to the monetary meeting on December 11 in the expectation that Eddie George, Governor of the Bank of England, will push for higher rates. Margaret

Thatcher, chief economist at Deutsche Morgan Grenfell argued that the Chancellor had committed "a slight of hand" and that people would find themselves paying more rather than less tax. This would choke off the need for a rate rise although the markets were still expecting one.



Down but not to 1992/93 levels

FOR THE second successive year income tax and National Insurance contributions as a proportion of earnings have dropped but they still have a long way to go to match the low levels of 1992/93, the year of the last general election (Sarah Jones writes).

A family living on an average man's salary of £20,845 will see 23.7 per cent of next year's gross earnings eaten up by tax and National Insurance contributions, according to calculations by Maurice Fitzpatrick, senior tax consultant at Chantrey Velacott. That is an improvement on the 1996/97 tax year, when the family will pay 24.4 per cent but it is not as low as the year of the last election when only 20.4 per cent of gross earnings disappeared in tax and NI.

Across the board, including the single person, a working couple and high earners, the pattern is of a decrease of 0.6 per cent in the proportion of earnings taken up in tax and NI. The proportion peaked in 1995/96 after a big jump in NI rates and the restriction of certain tax allowances to 15 per

cent and then started dropping with last year's Budget. But most of us will still be worse off than we were at the last election. The lone parent on average adult earnings has been the worst hit, paying 22.6 per cent of his earnings in tax and NI next year, compared with 18.8 per cent in 1992/93.

The big earners will be little affected. A man earning £208,450 will pay 37.8 per cent in tax and NI, down from this year's 37.9 per cent but not back to the 1992/93 level of 37.3 per cent. The widening of the higher income tax band by £600 will have little impact.

The positive effect, however, of lowering the basic rate of tax and increasing personal allowances will be more or less eliminated by the effect of indirect taxation, including duty on petrol and cigarettes and tax on insurance premiums and air travel. Mr Fitzpatrick said: "To get back to 1992/93 levels the Chancellor would have had to lower the basic tax rate by a further 6p."



	1997/98	1996/97	1997/98	1996/97	1997/98	1996/97
INCOME (PENSIONS)						
Personal allowance	£1,910	£1,942	£1,912	£1,928	£1,912	£1,888
State pension	5,220	5,220	4,810	4,910	4,910	4,910
Taxable income	2,980	0	3,222	0	3,222	0
MCA relief	478	0	467	0	467	0
Tax thorson	592	0	640	0	1,708	0
NET INCOME	£8,065	£8,065	£7,981	£7,981	£7,981	£7,981
JOINT NET INCOME	£16,130	£16,130	£15,852	£15,852	£15,852	£15,852
Tax (reduction)/Increase	(4.10%)	(5.58%)	(6.51%)	(6.51%)	(6.51%)	(6.51%)

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MARRIED COUPLE, OVER 75

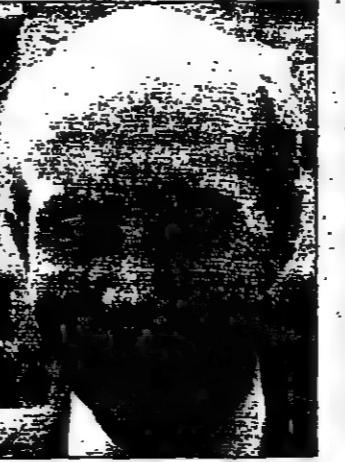
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	1997/98	1996/97	1997/98	1996/97	1997/98	1996/97
INCOME (PENSIONS)						
Personal allowance	£1,910	£1,942	£1,912	£1,92		

4 12

BUDGET 96

Business gives its verdict: 'Sound, if unsurprising'

ARCHIE NORMAN
Chief executive, AsdaANITA RODDICK
Founder, Body ShopNICK HOOD
Chairman, Wessex WaterPETER JARVIS
Chairman, WhitbreadPETER BIRCH
Chairman, Abbey NationalPETER DAVIS
Chairman, PrudentialJOE DWYER
Chairman, George Wimpey

This is a robust Budget from a robust Chancellor for a robust economy. It is fiscally responsible and does not shirk from difficult issues such as profit-related pay. It is a good Budget for business and will be popular with ordinary working people shopping at Asda. Last year the Chancellor gave 40,000 colleagues a tax break on their share options. This year 75,000 colleagues will welcome the extension of the 20p income tax band. We see this as a Budget for our customer, for Middle Britain. The reduction in spirit prices and no increases on beers and wines start to bring us in line with cross-Channel prices and are timely moves. As for alcopops? Well, Asda's brand is still better value by far!

Until you take the emphasis away from taxing people, either directly or indirectly, and put it on to taxing business that pollutes, you're wide of the mark. People see that a penny off income tax is added on somewhere else. They are clever enough to see that there is no extra money to be spent where it is needed. No wonder politicians use that same old battered tin box every year: it's the same Budget in a different guise. A Budget made of tin, without a heart. If this tin man is to get a heart, then political parties had better follow the road towards the progressive sustainable economic agenda that sensible economists regard as the way forward in the next century. It's time to recycle this tin Budget.

The Chancellor has opted for a prudent Budget with various initiatives to reduce the tax burden on private individuals being mainly offset by revenue-raising measures in the corporate sector. I particularly welcome the reduction in employers' National Insurance contributions which should assist inward investment and job creation. I also applaud the proposed freezing of business rates for small businesses. With planned investment of the best part of £1 billion on capital and infrastructure maintenance over the next ten years, Wessex Water welcomes a stable economic and fiscal framework. The biggest plus for our customers and shareholders remains the Labour Party's ill-conceived proposed windfall tax.

The best I can say about the Chancellor's policies on drinks duty is that they are inconsistent. A few new customs officers will do nothing to stop the flow of illegal imports. The increase on alcoholic soft drinks is not a big issue for us as the sector only represents around 1 per cent of the market. The Budget package should enable most people to have a little bit more to spend in their leisure time, which is good news for our restaurants, pubs and drinks shops. We are not so happy about phasing out profit-related pay. Overall, the Budget should provide a mild stimulus for the economy, which gives us the confidence to continue our capital investment programme as planned.

With an election looming, this is a sound if unsurprising Budget. The Chancellor himself conceded he would play neither Santa Claus nor Scrooge and refused to sacrifice long-term gain for a short-term benefit. I welcome the statement that the PSBR will be reduced next year, the prudent commitment to meeting the Maastricht criteria and the optimistic estimates of economic growth. From the insurance industry's perspective, the increase in insurance premium tax, although less than some expected, is disappointing. We welcome the Chancellor's commitment to simplification of Inland Revenue rules and would suggest the application of the same principle to the equally complex pensions regime.

While there were no initiatives which will directly benefit housebuilding, it is a balanced Budget which should encourage steady growth in the economy and therefore be welcomed. It was important that giveaways were limited so as not to put the economy at risk of too rapid growth, which would have increased pressure for interest-rate rises. However, the modest tax rates, along with continued low inflation and economic growth at current levels, may strengthen the "feel-good" factor which is so important to our business and accelerate the speed of the housing market recovery. Following the Budget, the anticipated recovery in the housing market will continue in 1997, and may possibly be heightened.

Cigarette duty increase 'will not halt smuggling industry'

Rise to discourage smoking

By ALASDAIR MURRAY

THE tobacco industry roundly criticised the Chancellor yesterday after he imposed higher taxes on tobacco products, saying that the rises would not halt the flow of smuggled tobacco into the country.

Mr Clarke raised the price of an average packet of cigarettes by 15p, a packet of small cigars by 7p and pipe tobacco by 8p a pouch. The Chancellor, who admitted to the Commons that he enjoys an occasional cigar, justified the above-inflation increases as

an attempt to discourage smoking. However, the Government decided to limit the increase on a packet of rolling tobacco to inflation — about 5p to 6p a pouch — in an attempt to clamp down on smuggling estimated to be worth £42 million a year.

Ian Birks, head of corporate affairs at Gallaher, said: "We are very disappointed with the increase. UK smokers already bear an unfair share of taxation." He added, however, that he did not expect to see any immediate fall in sales because "people are used to seeing these increases".

TOBACCO

Gallaher is soon to be floated on the Stock Exchange by its parent company, American Brands.

The City was largely unconcerned by the latest rise in prices, which analysts said had been expected. Shares in Imperial Tobacco, which was demerged from Hanson earlier this year, fell back 5p to close at 37.5p. BAT Industries, the other big UK tobacco company, was unaffected because it does not sell cigarettes in the UK. Imperial said

that the freeze on the price of hand-rolling tobacco would have little impact on curbing smuggling as rolling tobacco remains about four times more expensive in the UK than in other European countries. The company said that the increase in cigarette prices could also encourage a rise in cigarette smuggling, estimated to be worth £13 million a year.

Clive Turner, executive director of the Tobacco Manufacturers' Association, said: "We think smugglers will be laughing all the way to the bank. A 7.1 per cent increase in duty on tobacco flies in the face of all the advice the Chancellor had from the industry and the retail trade about the risks to jobs and the revenue."

"The increase is peculiarly discriminatory. Tobacco is having to carry the can while alcohol escapes very lightly. Yet the Chancellor knows there is indisputable evidence that tobacco smuggling is already costing the revenue £600 million a year. Now it will escalate to a higher gear as criminals increasingly switch to smuggling cigarettes for their profits."



Pressure groups believe that raising tax will not ease concern over alcopops

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Whisky lobby cheered but higher alcopops tax is hailed as misplaced

By ROBIN YOUNG

THE Chancellor responded to concern about the growth in under-age drinking by increasing the tax on alcoholic soft drinks by 40 per cent from January 1.

The move, which will increase the price of such "alcopops" as Hooch, Bacardi Breezer and Two Dogs by 7p or 8p a bottle to about £1.10, was greeted with concern by the brewing trade which fears its profits will suffer. The Brewers and Licensed Retailers' Association said: "We do not think it is right to tackle social problems through the tax system."

The increase falls well short of the 48p a bottle rise demanded by Alcohol Concern to price alcopops beyond the reach of children. Lee Lizenberg, of Alcohol Concern, said: "We are not convinced that a few extra pence is going to deter under-age drinkers from buying alcopops, many of which are stronger than beers and lagers."

However, John Browne of the Portman Group, ethical consultants to the drinks industry, said: "We do not think the increase in tax on alcopops will make any difference to the problem of under-age drinking. The young people who are abusing alcohol drink beer, cider and spirits as well as alcopops."

In general, there were half-hearted toasts from the licensed trade for the Chancellor's attack on carbonated alcoholic drinks would "virtually eliminate the long-established trade in light wines" such as Italian Lambrusco, low-alcohol sparkling wines.

most effective lobby groups in Westminster expressed unalloyed pleasure. "We are absolutely delighted," said Tony Tucker, the association's spokesman. "It is particularly gratifying that the Chancellor has taken on board the argument that high rates of duty at home are used abroad to justify punitive rates there."

The Chancellor referred to the issue again this year, which shows he appreciated the battles we have been having in Japan and Chile on this issue."

A freeze on the rate of duty on beer, which seemed insufficient to the Brewers and Licensed Retailers' Association: "We are disappointed," a spokesman said. "The Chan-

celor had established, would be caught in the Chancellor's increase in duty for which newly invented carbonated drinks such as "alcoholic lemonade" were the principal target.

"The Chancellor has shown a complete lack of interest in the UK's domestic drinks trade," Mr Grant claimed.

"Despite frequent references to cross-border shopping, he has done nothing to bring UK duty rates any nearer to those on the Continent. As far as he is concerned cross-border shopping is here to stay, and desperate attempts to increase surveillance will do little or nothing to curb the smuggling and fraud that is an inevitable result."

Mr Grant added that he was pleased by the "moderate" decrease in duty on spirits "but the chancellor made it clear that was designed principally to aid UK exporters."

Alcopops were launched in June 1995 with Hooch, made by Bass, and Merrydown's Two Dogs. The market has since expanded at unprecedented speed with sales of £170 million expected this year.

The alcoholic fruit juices, which are currently taxed at 13p per 300ml bottle, have been widely criticised for their appeal to under-age drinkers. Their alcohol levels range from 4.1 to 5 per cent, which is as strong as Heineken Export (at 5 per cent) and higher than Woodpecker Cider (3.5 per cent). Because of their sweetness, the taste of alcohol in the drinks is almost completely hidden.

Clarke launches 'green' offensive

Costlier fuel gives drivers reason for switching to gas

By NICK NUTTALL
AND KEVIN EASON

DRIVERS were given their biggest incentive to abandon petrol and diesel and switch to greener motoring. Kenneth Clarke imposed higher taxes on petrol and diesel but cut the duty on compressed natural gas in an effort to clean the air in towns and cities.

Using natural gas in conventional internal combustion engines would get rid of soot particulates, which are thought to cause thousands of deaths as well as breathing difficulties and heart disease, particularly in children. Other toxic gases from the exhaust pipe are also greatly reduced.

The Chancellor raised duty on petrol and diesel by 3p a litre to an average 62.7p, about 284.7p a gallon. Mr Clarke said: "I firmly believe that motorists should bear the full costs of driving — not only wear and tear and congestion on the roads, but also the wider environmental costs. Even those of us who frequently have to drive can take steps to cut fuel consumption and all ought to consider carefully the use of our cars."

The Chancellor warned in 1993 that he would raise road fuel duties by an average of at least 5 per cent annually as part of Britain's commitment to curbing global warming. However, he cut the duty on natural and liquid petroleum gas by 25 per cent to reduce the price to the equivalent of 43p a litre or 19.5p a gallon.

A driver using natural gas, according to figures from the AA, would save about £200 a year on fuel over 8,000 miles. BMW makes gas cars on its production lines and its British subsidiary Rover, said last night, that it was ready to meet an upsurge in demand for

models using it. Earlier this month, the company delivered a gas-powered car to John Major, converted at a cost of £2,500, the first government-owned car to run on gas.

Mr Clarke also promised to reduce vehicle excise duty by up to £500 on lorries which meet tougher pollution targets by 1998. Bus and truck operators will need to fit particulate traps or convert their vehicles to gas to meet the more stringent targets and reap the savings on road tax.

However, vehicle excise duty on cars will go up by 15 to £145 annually. New diesel fuel, with lower sulphur levels, producing less smoke and fewer particulates, will also be encouraged with plans for an

ROAD MAPS

THE Government's road programme was halved, with more than 100 planned bypasses, road widening and improvement schemes consigned to oblivion (Jones and Prayn writes).

The roads lobby reacted with undisguised fury to the third deep cut in the programme in successive budgets. "This is a hit-and-run Budget catastrophe," said Richard Woods, a spokesman for the RAC. "The Government is offering no solution to problems of congestion predicted in its own traffic forecasts."

However, Friends of the Earth, of which Sir George Young, the Transport Secretary, is a member, welcomed the cuts as "very good news for the environment". In total 110 schemes have been cut.

Nothing new for the fortunes of floating voters

HALLAM

Only Tory seat out of six in Labour-run city. Won by Sir Irvine Pinnock over Lib Dem at last general election with 6,741 majority . . .

50 employees leaving plant to the construction industry, liked Mr Clarke's showmanship. "It was humorous, full of great soundbites. From a political point of view it was an honest chap."

But while he appreciated long-term projects such as the "spend to save" scheme to cut tax avoidance, Mr Hale, who voted Conservative last time, acknowledged there were few election giveaways. "I am not sure it would sway a floating voter, but there are things to encourage people. I like the personal tax changes. I welcome direct tax cuts. I like the idea of people having money to spend how they want."

Anthony Buxton, a senior lab technician at the Royal Hallamshire Hospital, was not impressed. A bachelor, he describes himself as a floating voter, but thinks he will be supporting the Liberal Democrats. "Mr Clarke has not done much for people like me. I bought a diesel car ten years ago because it was supposed to be cheaper but the tax on it now is the same as petrol."

"Mr Clarke talked about economic growth, but here in the university we have seen little sign of that. The extra money he says he is putting into the education system is just a drop in the ocean."

His wife, Sheila, 46, a tutor in human communication disorders at the university, said: "The tax benefits were only modest. I think people will look at a wider context when the election comes, at their standard of living, where prices seem to be rising faster than income."

Tim Hale, 43, who runs Champion Hire, a firm with

BUDGET 96



Peter Crozier on land he rents from the Duchy of Cornwall. He fears fuel duties will hit farmers hardest

Farmers fear tax on vehicles

DEVON WEST

THE marginal seat of Devon West and Torridge yesterday gave a muted welcome to the Budget, but said that it did not go far enough.

Such was their disillusionment with the Tories, they said, that a few tax cuts would not persuade them to back the Government at the next election. The rural seat covers 1,000 square miles, making it the second largest geographically in England.

Agriculture, manufacturing, transport, and banking and finance are the main sources of employment for the 74,000 voters.

Peter Crozier, 50, who is married with two children, is a tenant beef and sheep farmer on 1,700 acres of Duchy of Cornwall land near Dartmoor Prison. He said that although the Government was on the right track generally with the economy, the Budget did not do enough. "They take with one hand and give with the other."

He attacked the increase in fuel duties, saying that they would hit farmers hardest. "It is a black day," he said.

Tourism is an important source of seasonal income for the constituency. Simon Boult, 31, manages Lydford House Hotel and riding school, near Tavistock on the western edge of Dartmoor.

As a self-employed businessman, he is instinctively Tory but admits to being disillusioned with the party.

He liked the tax cuts and especially the reductions in National Insurance for em-

ployers. The increase in personal allowances would help many part-time and seasonal workers in the tourist industry. He welcomed the freeze in the Uniform Business Rate but said it should be reduced.

The increase in petrol duty would hit tourists because public transport was poor in the constituency, Mr Boult said. But he concluded: "I am encouraged. The picture the Chancellor painted is of a fairly buoyant economy and I think it is going in the right direction."

Tony Beer, 49, is a trawlerman and has a fish-processing business in Bideford. He is a lapsed Tory disillusioned by the Government's failure to help the fishing industry.

He said the Budget did not persuade him to vote Conservative. "It hasn't done a lot for small businessmen. I just don't think it will get the economy back on its feet."

For the past 20 years Fred Bostock, 59, has run a garden centre in Okehampton. Although he has tended to support the Tories, he is so disillusioned with the Government that he is likely to vote for the Liberal Democrats.

He thought that business rates should be cut further and believed the fuel tax increase would hurt businesses like him in a rural constituency.

Some 20,000 pensioners were registered in the constituency at the last census.

Eileen King, 72, a widow in Tavistock, worked as a secretary, nurse and civil servant and has a healthy private pension. But she said that the Budget did nothing for pensioners and the Government had not helped the unemployed or drivers. "I do think they are getting old and tired and are going round in circles. It is time we had a change in Government."

Cut 'won't create jobs but might save them'

By CHRISTINE BUCKLEY
AND OLIVER AUGUST

THE scaling-down of employers' national insurance contributions (NIC) from the general rate of 10.2 per cent of earnings to 10 per cent will not create jobs, according to the Confederation of British Industry. Rather the measure would add to pressure them.

The cut, which will be funded by the expected £500 million a year payments from the landfill tax, was heralded in last year's Budget. Then Mr Clarke promised that the effects of the tax would be largely neutral and that it would be used to trim national insurance contributions from employers.

Mr Clarke presented the

NATIONAL INSURANCE

NIC cut as a means of job creation and another instance of the Government working to reduce the burdens on business. But a spokesman for the CBI said: "This is not about job creation, but job saving. We are not expecting to see any significant change from this."

The landfill tax became effective on October 1, and is levied on deposits of waste and rubble in skips. Engineering companies and waste disposal services are expected to be the main payers of the new tax.

For every tonne of normal waste including household refuse they will have to pay £7, and for "inactive" waste such as bricks and rubble £2 per tonne is being levied. Before the Budget it had been wrongly speculated that landfill tax rates could be raised.

The 10.2 per cent level of employers' contributions at present applies to pay over £210 per week. Contributions on pay below that is graded on lower levels going down to £61 per week, below which no contributions are paid.

Benefits clampdown hits single mothers

By DOMINIC KENNEDY, SOCIAL AFFAIRS CORRESPONDENT

LONE parents' benefits will be scrapped and 255,000 single people may be forced to move into bed-sitters as the Chancellor struggles to contain the soaring social security budget.

From 1998, divorced and unmarried mothers will have to manage on the same welfare benefits as couples with children.

The move, which horrified anti-poverty campaigners, will affect 375,000 one-parent families and save £200 million by 2000.

One-parent benefit is worth £6.30 a week and lone-parent premium £5.20 to almost two million people, mainly mothers, raising children alone. Widows get other, more generous, help.

These two benefits will be frozen — a cut in real terms — for the next year and will be incorporated into other benefits for existing claimants. They are never expected to be increased again and will be allowed to shrink away. New claimants will have to cope on the same state help as couples with children.

Peter Lilley, the Social Security Secretary, said: "Research shows that the only substantial extra expense lone parents have over couples is the cost of childcare."

Karin Pappenheim, director of the National Council for One Parent Families, said yesterday: "One third of today's children will spend some period growing up in a lone parent family; following this Budget they will be looking at a much bleaker future."

In a dramatic and unexpected

change, single people under 50 will only be able to claim Housing Benefit at the average local rent for a single room — forcing many to leave larger properties and move into bed-sits. This will affect 255,000 people and save £105 million.

Housing benefit rules will also be changed to hit those in more expensive and pleasant homes. In future, tenants will be able to claim only the average rent for a similar size home in their area, instead of what they actually pay, affecting 125,000 people and saving £25 million.

Benefit cheats, redundant executives and elderly disabled people bear the brunt of other trimmings in social sec-

LONE PARENTS

urity as ministers admit defeat in finding any radical alternative to the traditional welfare state.

An extra £470 million will be invested over the next three years in a "Spend to Save" package to combat benefit fraud, which is estimated to cost £3 billion a year.

Reforms of council tax benefit will hit middle-class families whose breadwinner becomes unemployed. People living in homes worth more than £120,000 (bands A to E) will have to pay towards their council tax even if they are out of work from 1998, affecting 65,000 households and saving £15 million a year. Currently their full tax is paid by the state if they fall on hard times. State pensions will rise in line

with inflation of 2.1 per cent, giving single pensioners an extra £1.30 a week to bring their income to £62.45, and couples another £2.05 to provide them with £99.80.

A host of strict new rules and regulations will help to pay for a reduction in employers' National Insurance by 0.2 per cent to 10 per cent.

The waiting time for the jobseeker's allowance will increase from three days to seven days, leaving people to rely on their "week in hand" if they have one. Disabled people approaching 65 will be barred from getting Disability Living Allowance unless they remember to claim before their 65th birthday.

Backdating of many benefits will be reduced substantially. Claimants will have to provide far more proof before receiving claims in future.

Kenneth Clarke's £91 billion is still the highest amount ever given to the Department of Social Security, which now accounts for a third of all public spending and costs the average working person £15 a day to maintain. Mr Clarke had to satisfy himself with holding the increase in spending to 1.5 per cent, which he said was lower than the average postwar 5 per cent.

Mr Lilley said the "spend to save" programme would reduce fraud by £7 billion in the next three years. He promised an extra £3 million visits to new benefit claimants.

Harriet Harman, Shadow Social Security Secretary, said that Mr Lilley's promise was fraudulent.



The Piff family: "I don't think people will be conned by a few pence off tax"

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CASTELLBLANCH - CONDE DE CARALT - FREIXENET - SEGURA VIUDAS

BUDGET 96

Increase will still leave shortfall on current spending, say local authorities

School safety and universities will gain from £875m boost



Denis Wilkinson: said he was sick of the way smokers had to pay again

'It's a Budget for the rich'

BY ALICE THOMSON
POLITICAL REPORTER

STEVENAGE

Battleground between Labour and Tories since town conceived 50 years ago. Held by Tony Blair backbencher Tim Wood (4,888 majority).

STEVENAGE seemed unimpressed by the Budget. The town has seen a renaissance in the past year with shops reopening in the mall and companies relocating to the area. Unemployment is down to 0.8 per cent and 0.1 per cent of the 70,000 population live in homes bought by their families. But Labour is determined to win back the seat.

Connie Rees, 70, who has lived in Stevenage for 40 years with her husband and is a voluntary worker, said: "This is a Budget for the rich. Putting income tax down isn't going to help the most vulnerable. It doesn't inspire a sense of community or fairness. Putting more on petrol will penalise the old, voluntary workers and school children." She will definitely not be voting Tory.

Denis Wilkinson, 55, married with two children, and personnel manager for Marconi Instruments, said: "I wanted far more for the NHS and education. Unless we invest in our children we will not have skills for the next century. No one will notice the 1p tax reduction." A smoker and drinker, he said: "I am also sick of the way that smokers are expected to pay so much for their vice. Fat cats should have been hit harder. I will vote Labour again." But John Chapman, 40,

general manager of a small shaving-brush company, and a wavering Tory said he would return to the fold. "I am very pleased with the Budget. Married families benefit at last and Mr [the Chancellor] managed to spend money on key areas like law and order, education and health."

Richard Astor-Wright, 31, a contract monitoring officer with the council, has two children and is a staunch Tory. "This is not a vote-winning Budget, a lot of poorer people won't be happy. Three pence on a litre of petrol is hell of a lot but the drop on spirits is handy. I will vote Tory but that is because I don't trust Labour not to go back to their old ways." He said personally he would benefit from the Budget but his wife, Tamera, 25, who is on profit-related pay with Rank Xerox, will be hit harder. I will vote Labour again."

But John Chapman, 40,

BY JOHN O'LEARY
EDUCATION EDITOR

EDUCATION was given top priority in the Chancellor's spending plans for 1997-98. Schools, colleges and universities will receive £875 million more than this year's planned budget.

The 3.6 per cent increase is still below the amount local authorities said they needed to maintain current school spending. But Gillian Shephard, the Education and Employment Secretary, said the settlement represented a success in a tight expenditure round.

Among the areas earmarked for more money are school security, which will receive £60 million in total in the wake of the Dunblane massacre. Local authorities will be expected to find 40 per cent of the cash.

Kenneth Clarke has also acted to restore part of last year's cuts in further and higher education. Universities and colleges will share an extra £280 million over the next two years, although they will still face a squeeze on funding levels compared with their spending in 1994-95.

Another £50 million will go into school building and repairs, half of which will come from the Department for Education and Employment. Mr Clarke acknowledged that the current state of some school premises was "very poor".

The bulk of the extra money will go to relieve the pressure on schools' recurrent budgets: the local authority associations have estimated that they are already spending more than the additional sum of £63 million earmarked by the Chancellor.

However, Mrs Shephard said it was for local authorities to decide how much to devote to education. Mr Clarke said too many authorities were already diverting cash meant for schools into other areas.

The Chancellor expects to raise about £3 billion from the

sale of debts accumulated by the Student Loans Company. Education will keep the first year's share of the anticipated receipts, which should account for almost all of the increase secured by Mrs Shephard.

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assessment of the number of four-year-olds likely to benefit from vouchers.

David Blunkett, the Shadow Education and Employment Secretary, said the reduced plans for nursery provision showed that the Government was not guaranteeing places for all four-year-olds. "The Tories are betraying Britain's toddlers and their parents," he said.

Teaching unions claimed that the Government was exaggerating the generosity of the settlement. A spokeswoman for the National Union of Teachers described the increase as a "sticking plaster" which will not cover the cuts.

But university vice-chancellors were relieved that their campaign to reverse last year's cuts had been at least partially successful. The concessions may help to stave off the introduction of tuition fees, which the vice-chancellors are to discuss next week.

□ The Government yesterday announced an American-style jobs programme for the long-term unemployed and confirmed the expansion of its version of American "welfare" in Britain (Philip Basnett writes).

Mrs Shephard fully confirmed the expansion of the project work pilots, which some have seen as modelled on US-style welfare programmes, under which unemployed people work or lose their social benefits. The pilots, originally tried in a couple of areas, will now be expanded to 29.

But the Government also announced in the Budget a new scheme, Contract for Work, aimed at long-term unemployed people. Full details of the scheme will be disclosed soon, though it will focus on the "private sector's talent for innovation to help longer term unemployed people back to work".

Three or four pilot will be started, probably in large cities, offering places about 6,000 people. Private-sector companies involved will be paid by the scheme only if people on it get jobs, and stay in them.

Mrs Shephard said that together, the two programmes would offer up to 100,000 "opportunities" to unemployed people most in need of help. Labour said the moves offered little of practical value to the long-term unemployed.

Welcoming proposed increased compensation for upland cattle farmers, Sir David Naish, president of the National Farmers' Union, said: "I am delighted the Government took on board our concerns."

Mr Clarke's decision to phase out tax relief on all profit-related pay (PRP) schemes will hit the wage packets of at least 3.7 million workers, many of them the lower paid.

The abolition will eventually leave higher-rate taxpayers up to £1,600 a year worse off. Basic rate taxpayers will lose up to £960. However, the reductions will not start until 1998. Mr Clarke said: "No one will be affected before then."

PRP schemes, made eligible for tax relief by Nigel Lawson in 1987, embrace all staff levels. Members are allowed a tax-free payment of up to £4,000 a year, or 20 per cent of salary, whichever is smaller. According to the Inland Revenue, the average is less than £1,400 a year.

If Mr Clarke's proposals become law, the £4,000 tax-free maximum will remain until January 1, 1998. Then it will be limited to £2,000, becoming £1,000 in 1999 and zero in 2000.

At Boots, the retail group based in Mr Clarke's home city of Nottingham, an average employee earning £10,000 will be £202 worse off after the abolition. Boots was one of the first companies to take up Mr Lawson's offer of tax breaks. The bonus scheme eligible for relief covers 50,000 staff, many of them part-time.

A Boots spokesman said: "To take £200 from the average employee is clearly a bit disappointing."

The change also drew criticism from the John Lewis Partnership, the retail group, where all 36,000 permanent staff are partners with access to a profit-sharing scheme.

Stuart Hampshire, chairman, said: "I am astonished. We should be continuing to encourage more firms to bring their employees into active

TOTAL PUBLIC SPENDING 1997-1998

Public spending divided up according to the Government department

SPENDING CUT SPENDING GAIN NO CHANGE

KEY DEPARTMENT 1997-98 (1996-97)

DEBT INTEREST £24,800m (£22,200m)

UNEMPLOYMENT £14,100m (£14,300m)

SOCIAL SECURITY £79,740m (£76,810m)

RESERVE £2,500m (£2,500m)

OTHER £3,090m (£3,480m)

HOUSING & ENVIRONMENT £7,600m (£8,380m)

SCOTLAND, WALES & NORTHERN IRELAND £30,450m (£29,380m)

HOME OFFICE £6,780m (£6,550m)

DEFENCE £21,810m (£21,420m)

TRANSPORT £5,910m (£4,870m)

TRADE & INDUSTRY £3,070m (£3,250m)

FURTHER EDUCATION & TRAINING £13,950m (£14,810m)

TREASURY £3,170m (£3,270m)

HEALTH £34,940m (£33,970m)

LEGAL DEPARTMENTS £2,710m (£2,730m)

LOCAL AUTHORITY FINANCED SPENDING £13,700m (£13,300m)

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YAMAHA

Loss of relief to hit profits pay

BY ADAM JONES

KENNETH CLARKE'S decision to phase out tax relief on all profit-related pay (PRP) schemes will hit the wage packets of at least 3.7 million workers, many of them the lower paid.

About four million workers are thought to get tax-free PRP; there are more than 14,000 registered schemes. The intention was to encourage staff productivity while reducing company wage bills.

The idea was weakly received at first, but increasing popularity since 1991 created a huge drain on the Exchequer's resources — the cost of relief in the current year has been estimated at £1.5 billion. The cost was exacerbated by firms bending the rules which stipulated that payments under PRP could not be guaranteed.

In some cases, artificial subsidiary companies were able to manage the profit stream.

Mr Clarke said the scheme had been a temporary measure.

At Boots, the retail group based in Mr Clarke's home city of Nottingham, an average employee earning £10,000 will be £202 worse off after the abolition.

Boots was one of the first companies to take up Mr Lawson's offer of tax breaks. The bonus scheme eligible for relief covers 50,000 staff, many of them part-time.

A Boots spokesman said: "To take £200 from the average employee is clearly a bit disappointing."

The change also drew criticism from the John Lewis Partnership, the retail group, where all 36,000 permanent staff are partners with access to a profit-sharing scheme.

Stuart Hampshire, chairman, said: "I am astonished. We should be continuing to encourage more firms to bring their employees into active

involvement in commercial success, rather than saying the promotion of profit sharing has had its day."

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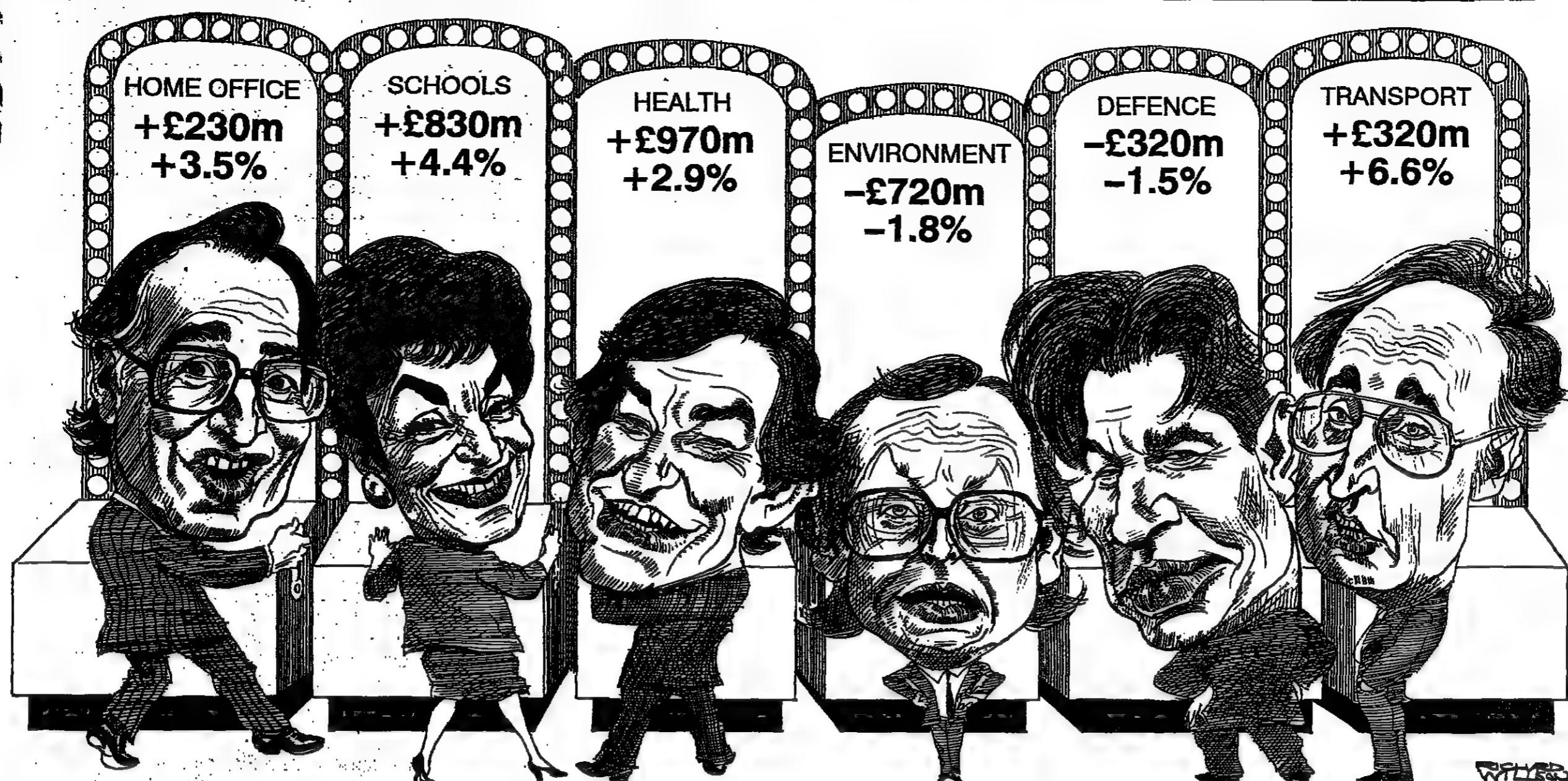
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BUDGET 96

Howard, Shephard, Dorrell and Young get more money while Lilley and Portillo must take a cut



Health and education win the battle for funds

By JILL SHERMAN
CHIEF POLITICAL CORRESPONDENT

HEALTH, education and law and order emerged yesterday as the clear winners in the annual battle with the Treasury over next year's public spending.

Stephen Dorrell, the Health Secretary, walked off with the top prize, an extra £1.6 billion; but Gillian Shephard, the Education and Employment Secretary, and his main rival for more money, Michael Howard, the Home Secretary, won an additional £450 million for more police officers and prisons.

The higher than expected rises for the three departments, which the Chancellor had always earmarked as a priority, have been offset by cuts in other less popular

departments. Transport, Defence, National Heritage, and Environment have been the main victims of the Treasury knife, which has shaved £1.9 billion next year and £7 billion over three years.

Earlier this month Mr Dorrell demanded an extra £1 billion from William Waldegrave, the Chief Treasury Secretary, as NHS trusts warned they would have to close beds and wards due to cash shortages. Following a highly publicised dispute, a rare insight into this year's public spending round, Mr Dorrell received £970 million in real terms.

However, the quid pro quo is a 16 per cent drop in capital spending on hospitals and a much lower than expected estimate for private finance. Prescription charges will also go up by 15p from next April to £5.65. Mr Dorrell also appears to

have suffered in plans for future spending.

Despite John Major's pledge at the Conservative Party conference that spending on health would rise in real terms for the next five years, the Budget Red book shows below inflation increases from 1998.

Gillian Shephard, who secured over £800 million last year for schools, appeared to have gained another unexpected coup. Last year Mrs Shephard went public through a leaked letter warning of the impact of restraints in spending. This year, after a spat with the Prime Minister over the benefits of caning, she was more contrite, but still won a substantial chunk of public funds. Mrs Shephard has also won £100 million to expand pilot workplace schemes.

However critics were quick to point out that the allocation, more

than £700 million higher than planned, could result in higher council tax bills. Mr Clarke admitted said most of the £633 million in local education spending would go in real terms for the next five years. Universities may also argue that the extra £280 million for higher education will not be enough to stop the threat of charges for tuition fees.

Mr Howard has gained £40 million to recruit an extra 2,000 police officers by the end of next year, his first step towards a pledge to recruit 5,000 officers. The Prison Service gains an extra £230 million with the aim of providing 8,600 new prison places by March 2000.

Mr Clarke's spending bonanza concealed the abolition of two social security benefits from 1998. Peter Lilley, the Social Security Secretary, made clear when he took

over that he wished to remove the "financial incentives" for lone parenthood. Last year he froze their benefits, but tomorrow he will announce that new claimants will lose both single parent premium (£5.20 a week) and single parent benefit (£6.30 a week) from 1998.

They will instead get the standard rate paid to married couples. Mr Lilley, the rightwinger who heads Whitehall's highest spending department, has managed to stave off further benefit cutbacks, by renewing his crackdown on benefit fraud, which he hopes will save several billion pounds.

Sir George Young, the Transport Secretary, has again suffered deep cuts in his roads budget, with the Government's long-term programme effectively shelved. The original £20 billion roads project has dwindled to a mere £6 billion.

But the cuts are masked with higher than expected cash for railway privatisation to ensure that one of the flagship projects of this Parliament succeeds.

John Gummer, the Environment Secretary, is also a big loser for the second year running with cuts in the housing programme. The Government has reduced money for the Housing Corporation but has insisted that the reductions can be offset by extra private finance for new social lettings.

Michael Portillo, the Defence Secretary has also failed to protect his budget from further cutbacks, although he has argued that frontline services will be protected.

There were few rich pickings for Virginia Bottomley, the National Heritage Secretary or the Lord Chancellor, Lord Mackay of Clashfern. Mrs Bottomley's budget

was cut by more than £800 million, mainly because of rescheduling payments for Welsh Channel 4, while Lord Mackay's cutbacks reflect curbs in legal aid.

Mr Clarke held out the prospect of much higher long-term savings through a £800 million "spend to save" scheme, which he argued would raise between £6 billion to £7 billion in three years through combatting fraud and tax evasion. There will be a further squeeze on Whitehall running costs and a public sector pay freeze.

Next year's overall public spending has been reduced from the £268 billion agreed last July to £260.3 billion, up £6 billion from this year.

Over the next two years, the Chancellor has forecast rises to £273.7 billion in 1998-99 and £280.9 billion the following year.



Highland gloom at petrol rise masks Scotch delight

CHEAPER petrol, lower whisky excise duty and relief from high heating bills formed the Budget wish list for the constituents of Inverness East, Nairn and Lochaber.

The 26p cut on a bottle of Scotch brought whoops of delight from the Scotch Whisky Association but the 3p a litre rise on petrol and diesel aroused accusations of an "anti-Scottish" budget, that would not win votes in this four-way marginal seat.

Jacqui Elmslie, who runs Clach Muillinn guest house in Inverness, voted Labour at the last election. "The Conservatives always talk about the Tartan Tax but this Budget discriminates against everyone in Scotland," she said. "The increase in diesel will raise the cost of food and everything delivered here."

Vehicle fuel is already 10p to 15p a litre more expensive in remote parts of the Highlands, where a car is a necessity and the majority of goods are delivered by road.

Held by Lib Dems with 458 majority, seat could fall four ways at general election. Region's long-term unemployment is 25.3 per cent

Public transport is scarce. Mrs Elmslie, secretary of the Inverness and District B & B Association, said the fuel rise, combined with increased airport passenger tax, would discourage tourism, which employs 13 per cent of the region's workforce. There would also be no relief from higher heating bills.

The budget was "good and bad news" for Martin and Sally Moore, of Inverness Fish Farming. Mr Moore, 42, who voted Conservative last time, said: "It is not that the Budget will make me vote Conservative, more that Labour has not convinced me to do otherwise."

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Small businesses regret Clarke's 'lost opportunity'

By CHRISTINE BUCKLEY, INDUSTRIAL CORRESPONDENT

IAN LANG, President of the Board of Trade, told directors last night that Kenneth Clarke had delivered a "Budget for small business". Small business groups disagreed, arguing that they had needed more differential treatment from the Chancellor.

Mr Lang told an Institute of Directors dinner that the Budget had produced measures to help smaller companies.

"Many of these measures were recommended by the IoD in its pre-Budget wish-list."

Small businesses gain from Budget tax and rate reductions. They receive a reduction in the tax on profits from 24p to 23p. The Treasury has calculated that that should benefit three million self-employed people by a little over £3 a week. The rate of corporation tax for small business has also been cut from 24p to 23p, a move that will affect 85 per cent of tax-paying companies.

Business rates for small companies will be frozen next year in a move that will affect 1.3 million smaller businesses. That move will go some way towards placating small retailers who have complained of a harsh squeeze on profitability because of business rates.

Last year's 4 per cent cut increased United Kingdom sales by 6 per cent and boosted Treasury revenue by £2 million. Mr Tulewicz said he would vote Conservative again.

Alasdair Mathieson, 46, a vet, said the Budget would not change his Liberal Democrat vote. "A 3p increase on fuel is a lot, but apart from that it's a non-Budget."

businesses, especially in capital allowances.

His views were echoed by the CBI. Tony Bonner, chairman of the CBI's small and medium enterprise council, said that the moves on corporation tax and the uniform business rate were to be welcomed. However, he said:

"The Chancellor has missed some opportunities to make small but effective changes to help small but growing businesses. There is nothing to encourage investment in plant and equipment, research and development or the cost of raising equity capital."

He added: "The costs of being in business have been increased by measures such as the significant hike in insurance premium tax. The progressive abolition of profit-related pay does not augur well for future payroll costs."

Utilities could suffer a blow after a surprise decision by the Government to reduce capital allowances on long-life plant and machinery. The measure will cut the tax break on assets with a life of 25 years or more by reducing the rate at which they are amortised for tax purposes from 25 per cent to 6 per cent a year.

The Chancellor said yesterday that the rate at which costs are written off for tax was too generous and bore no relation to the economic life of the asset. "This is an unjustifiable distortion in the tax system," he said. The measures come into effect today, but will exclude seagoing ships and railway assets. The Government expects to raise £325 million in 1996-99 and £675 million in 1999-2000 from reducing the allowance.

The measures are likely to hurt the water and electricity utilities and other capital-intensive industries, such as the oil industry.

AN EXTRA 2,000 police officers on the beat and 8,600 more prison places are promised as spending on law and order rises by £450 million.

The Home Office allocation for next year is estimated at £6.7 billion against an expected bill for this financial year of £6.5 billion. Home Office sources said the extra £450 million will be created by a combination of new money and savings on administrative costs.

Under the plans, police will get a rise of 3 per cent in spending next year which will be worth about £220 million.

2,000 extra bobbies on beat known later today. The Police Federation welcomed the money for additional officers. "The Federation has been campaigning for extra manpower for several years. The money must be concentrated on the beat, where officers are closest to the public."

The prison increases are planned to come in gradually by March 2000.

The new places will be the equivalent of 14 new prisons and include 3,000 places in new blocks in existing prisons, 720 places in portable buildings and 3,700 places in five new prisons, including three privately run establishments.

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BUDGET 96

Ebullient Chancellor looks forward to growth, prosperity,

We need an economic policy for the next five years, not next five months

The British economy is today prosperous and successful. This Budget will make it even more prosperous and an even bigger success over the coming years.

When I presented my first Budget in 1993, it was against a very different background from today. Although the recovery had begun, consumer confidence had not yet returned. Growth was not yet firmly established. Further firm

action was needed on the public finances, and our critics were peddling doom and gloom.

The recovery is now in its fifth year. Consumer confidence has returned and we are achieving something unprecedented for a generation — growth with low inflation and without a widening trade gap. But one thing has not changed: our critics still peddle doom and gloom.

In my first two Budgets I curbed

the growth of public spending and took firm decisions on tax, which have brought borrowing down by almost half since 1993. Last year, in my third Budget, I was able to return to cutting tax while spending more on the public services that people care about most — health, schools and the police — and keeping borrowing on a firm downward path.

This year, I am presenting a Budget that builds on my last three.

It reduces public spending plans further while providing more money for priority services. It makes responsible progress on our tax-cutting agenda while getting borrowing down faster. This is not a reckless Budget on tax or spending. In the run-up to Christmas I am not going to play Santa Claus, but this year I do not have to play Scrooge either.

I have one overriding aim: the lasting health of the economy. We are securing that by creating the best conditions for British business and men and women to earn a living. All my Budgets and all my policies have been designed to set this country on course to be the strongest industrial economy in Western Europe.

ECONOMY

The British economy is in its fifth successive year of steady, healthy economic growth, with falling unemployment and low inflation. These are the best circumstances we have faced for a generation. This is a Rolls-Royce recovery — built to last.

The IMF and the OECD expect the UK to be the fastest-growing major European economy again next year. By then we will have grown faster than France or Germany five years in succession for the first time in half a century.

This time, unlike so many previous recoveries, healthy growth has been accompanied by the best inflation performance for nearly 50 years. And restrained growth of earnings has been good news for jobs.

The OECD has praised us for having one of the least regulated labour markets in the industrialised world. High social overheads, minimum wages and unnecessary legislation do not protect workers; they cost jobs. Unemployment is still rising in France and Germany. It has fallen sharply here, to its lowest levels for more than 50 years.

In the bad old days recoveries were derailed by balance of payments crises. In this recovery, the current account has actually improved, despite the slowdown in our main European markets. In fact, we now have a current account broadly in balance — our best overall trading performance for nearly ten years.

ECONOMIC POLICY

I want to ask the British people: in the years ahead do we seriously want to be prosperous? I think we do. If so, we need an economic policy aimed at the next five years, not just at the next five months. We want an economic policy that will go on delivering our enviable combination of rising prosperity, low inflation and more jobs. That is my purpose in this Budget. This Budget secures a prosperous future for all sections of our people and their families. It is a Budget not just for today but for tomorrow. This is a sensible Budget for growing prosperity.

The last thing the British economy needs now is a change of direction. We need at least another five years of this Government's continuous vigilance on inflation. We need more of this Government's

determination to reduce government borrowing.

We need another five years of this Government's commitment to raise the wealth-creating potential of the economy, by improving incentives, reducing the role of the State and creating a climate for enterprise.

I expect the economy to grow by 2.5 per cent this year and 3.5 per cent next year, and there are few serious commentators who will disagree with that. By keeping a close eye on the prospects for inflation up to two years out, and by taking sensible early action if and when necessary, I intend to ensure that healthy growth continues without inflationary pressures emerging. That is what I have always promised: no return to boom and bust.

I expect consumers' expenditure to continue to be the main engine of growth next year. The real value of take-home pay is growing strongly. The housing market recovery is firmly established. I hope that negative equity can soon be consigned to the economic history books. People are feeling the improvement in their family finances. Consumer confidence is at its highest levels for more than eight years.

I expect consumer spending to grow by 3 per cent in 1996 as a whole. But it has been strengthening through the year. I expect stronger growth to continue, with consumers' expenditure rising by more than 4 per cent next year.

INVESTMENT

This recovery is not just about a more confident consumer, however. Businesses are optimistic, too. The climate for business is excellent: strong demand at home and a recovery in our key export markets present British industry and commerce with tremendous opportunities.

Interest rates and tax rates remain low and profitability is high. The result has been business investment growth of 6 per cent so far this year. I expect business investment to continue to grow strongly, by almost 10 per cent next year.

These excellent conditions for business are not lost on overseas companies looking to invest for the future. Let us never forget the most valuable practical endorsement that we get for our sound economic policies. The UK remains the No 1 destination for inward investment into the European Union. Keeping our enterprise economy on course at the heart of Europe will keep us in pole position.

EXPORTS

Exports have grown by almost 20 per cent over the last two years — an impressive performance in the face of weak demand in our key European markets. This achievement is down to our strong cost-conscious British exporters. They will benefit further next year as the tentative recovery on the Continent becomes more established. I expect export volumes to rise by more than 7 per cent this year and 6 per cent next year.

The current account has been close to balance during the last 2½ years, thanks to strong growth in the taxpayer and make sure we get the right tax from the right people. When I reduce tax I want to do so in a way that is fair for businesses and fair for the hardworking man and woman.

Government borrowing has been steadily coming down for three years. This Budget will ensure it keeps coming down. I expect the Public Sector Borrowing Requirement to be £26.5 billion this year. That will mean it has halved as a share of GDP over the past three years. I expect it to come down to £19 billion next year and to be broadly in balance by 1999-2000.

That pattern of declining borrowing is very much better than the one I had to put in my Summer Economic Forecast last July — £4 billion better next year. A large part

of that improvement is the result of the measures I am taking in this Budget. This Budget tightens fiscal policy. I am tightening fiscal policy now to reduce the risk of having to tighten monetary policy excessively as I set policy to hit my inflation target.

Let me give you my concrete reasons for being so confident about low inflation. Apart from oil prices, which have risen sharply, commodity prices are steady and are not putting upward pressure on inflation. Earnings growth remains sensible and modest. Producer price inflation — a good indicator of what is in the pipeline for retail price inflation — is at its lowest levels since the 1960s. Producer input prices are actually lower than they were a year ago.

Any risk to this recovery from inflationary pressures re-emerging remains a good way off. But as I have demonstrated again and again, when I see any risks I will act. I will continue to stay ahead of the game on monetary policy. Eddie [George] will keep me steady and I will continue to be canny.

I expect underlying inflation to meet our target of 2.5 per cent or less. I will ensure that it goes on meeting that target for the foreseeable future.

PSBR

Good progress has been made in reducing public-sector borrowing, but not as fast as I expected. The Budget therefore targets public-sector borrowing. One reason why I continue to concentrate so heavily on public-sector borrowing in setting policy is because money spent paying the interest on our debt would be better spent on public services and to reduce taxes.

We are making good progress on bringing down borrowing, but lower than expected tax revenues mean that it has not fallen as fast as I expected in the last Budget. This is not bad news for everyone. People

Government borrowing has been coming down for three years. This Budget will ensure it keeps coming down.

are no doubt quite glad not to be paying as much tax as I expected. As I am the Chancellor, I prefer to keep any tax cuts under my control.

The causes of these shortfalls in our forecasts of tax revenue, primarily on VAT, but also on direct taxes, cannot wholly be explained by any experts inside or outside the revenue departments. But there does seem to be an increasing tendency to exploit loopholes and use special reliefs in an artificial way to reduce tax bills. Those sort of tax cuts are unacceptable. If they are not tackled every year in the Budget they mean that a few people pay less tax but the rest must pay more.

In this Budget I will propose a number of measures to stem tax leakage, to protect the ordinary taxpayer and make sure we get the right tax from the right people. When I reduce tax I want to do so in a way that is fair for businesses and fair for the hardworking man and woman.

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of that improvement is the result of the measures I am taking in this Budget. This Budget tightens fiscal policy. I am tightening fiscal policy now to reduce the risk of having to tighten monetary policy excessively as I set policy to hit my inflation target.

My decisions are always taken solely in British interests to benefit the British economy. But my decisions in this Budget also mean that, by happy coincidence, we will meet the Maastricht debt and deficit criteria in 1997, and we will do even better than that in the medium term. It is a happy coincidence because those criteria make sound economic sense, with or without a single currency. Our option whether to join or stay out of a single currency, based on British national interest, remains a genuine choice for the next Parliament to exercise, when the time comes.

This Government is the champion of sound public finances, of limited government and of low taxation. Our combination of low taxation, low public spending and low debt is the best in Europe. We intend to stay in that enviable position. We can only do this if we continue to bear down on public spending.

PUBLIC SPENDING

In the 1980s, across the rest of Europe, the modern state remorselessly took an ever greater share of almost every nation's wealth. We in Britain held the line. The proportion of GDP going into government spending in the UK is now 8 per cent lower than the average in the rest of the European Union. If our spending had risen to their levels we would now have to raise nearly £2,300 a year more in tax from every household.

I have set a target of 40 per cent or below for the share of national income that goes on public spending. Making progress towards this target means tough decisions on public spending every year. But this year we have had to cope with the costs of BSE, and larger than expected increases in the costs of social security as more and more elderly and disabled people receive benefits to which they are entitled.

Against this background, we had to keep the rest of public spending within the tightest possible limits in order for us to spend more on the public services people really care about — education, combating crime and the health service.

This country has been well served by my Right Honourable Friend the Chief Secretary who has successfully tackled this problem. Despite all the difficulties, we have been able to reduce public spending plans over the next three years by a further £7 billion in this Budget. Public spending next year will be more than £24 billion lower than was projected when I became Chancellor — a reduction of 7 per cent.

We have been able to reduce spending plans because we have lower inflation, falling unemployment, a continuing campaign for efficiency in the public sector and sensible policy priorities. On top of that, the Government's relentless drive against fraud and abuse of tax and benefits will be stepped up another gear.

Next year we are going to meet our target of 40 per cent for the share of national income that goes on public spending. In last year's Budget I said I would make 40 per cent in 1997-98. This year's Budget secures that important goal. So long as we keep the growth in public spending down below the growth in the economy, we will go below that.

EDUCATION

Education is the key to the future of any prosperous and civilised society. It helps to determine how well the economy performs in the long run. It also helps to determine the sort of citizens we are and the sort of society we have. This Government

Continued on facing page



MICHAEL BENNETT

BUDGET 96

personal security with a re-elected Conservative government

From facing page
is committed to raising standards in education. As a result of last year's Budget £878 million extra was provided for schools this year. We are giving schools priority again in this Budget. Planning expenditure on schools will rise by another £630 million next year. A large proportion of this money, £633 million, will be channelled through the local authorities.

Judging by last year's experience, some local authorities are reluctant to pass these increases on to their schools, preferring to spend the money on other areas. It is no good local authorities campaigning for more spending on education in the autumn and then spending their money on other things in the spring. Parents will want to make sure their local authorities spend money on the things they want for their children — good teachers and better-equipped schools.

A good school has a value far and beyond its buildings. But the quality of school buildings in which our children are taught is still very important. We will be providing an extra £50 million on top of the previously planned provision for more capital investment to improve the fabric of our schools.

By setting high standards for schools and increasing choice for parents, this Government is delivering better-trained and better-qualified young people. Almost one in three young people now goes to university, compared with one in eight in 1979. And our universities and colleges maintain some of the highest standards in the world despite the pressure on their unit costs that this unprecedented explosion of opportunity for young people has produced.

But I recognise this pressure and I also realise that our universities and colleges make an important contribution to the economy. My Budget therefore includes £280 million to boost further and higher education over the next two years. This includes an extra £20 million next year for science equipment. We want to ensure that the British science research base remains the best in the world, which it certainly is at the moment.

As the Education and Employment Secretary announced in September, the Government is planning a substantial sale of student loan debt. It makes no sense for the Government to keep a huge portfolio of loans on its books when the private sector could manage it more effectively and is better placed to cope with the risk. The sale will have no effect on the terms on which students can get loans. The substantial reductions in the figures for education that members will find published in the new spending plans is more than accounted for by the sale of this debt. We will actually spend more on the things that really matter — educating our children and young people.

COMBATING CRIME

This Government believes that effective law and order is an essential part of making Britain at ease with itself.

Health

This Government believes that effective law and order is an essential part of making Britain a nation at ease with itself. A good-quality police service and an effective system of criminal justice are high on the list of this Government's priorities.

When it comes to spending on law and order this Government has a record as long as your arm. Spending has already doubled in real terms since 1979. Provision for combating crime — police and prisons — will now rise by another £450 million next year. Our plans provide for 2,000 more police constables by the end of next year. We are well on course to meet the Prime Minister's pledge for 5,000 more constables.

We are also spending that money better. We have reformed the NHS

itself. And we have looked in every department for ways of achieving our objectives more economically. With efficiency savings, most departments will be able to deliver their programmes next year, but with less money in real terms.

PRIVATE FINANCE

People pay their taxes in order to get good quality public services, not to accumulate state-owned buildings. This simple truth has led to the development of the Private Finance Initiative. The PFI helps to square the circle of sound public finances and growing demand for better and more modern public services by tapping the expertise and the resources of the private sector.

A year ago we had agreed £1.5 billion worth of deals — now we have agreed £7 billion, and we are on course to double that by March 1999. Time and again the taxpayer is getting better value for money, through new road schemes, new prison services, and information technology projects. And reforms to local government rules are bringing the PFI into new areas — notably schools.

London is currently experiencing a transport investment boom under the PFI: the Channel Tunnel Rail Link, Thameslink 2000, the Docklands Light Railway extension, and the A40 and A13 improvements. This is in addition to conventional public and private capital spending on the Jubilee Line extension, the

so it is much better managed and much more efficient. When waste is reduced, more can be directed to higher-quality patient care. This means that patients get more treatment and care out of every pound that we spend.

For next year, we will increase current spending on patient services by £1.6 billion, or 2.9 per cent in real terms. The real increase in current spending for hospitals next year over and above inflation will be 3 per cent. On top of this, Private Finance Initiative investment will play an increasingly important role in providing new healthcare facilities. The PFI contract for the Norfolk and Norwich Hospital scheme, worth close to £200 million, was signed yesterday and others will follow. PFI investment in the NHS will reach some £900 million over the next three years in real terms than it was in the 1980s.

Adding traditional capital spending to PFI investment, publicly sponsored capital spending in the United Kingdom in the next three years will be substantially higher in real terms than it was in the 1980s.

SOCIAL SECURITY

One third of all public spending going on Social Security. Our social security system is there to provide an income when people cannot earn because of sickness, disability, unemployment, caring for relatives or old age. People on the left and right of politics continue to search for a radically different and better way of meeting these needs in our wealthy nation. I have studied many of their proposals and so far, I am afraid, nobody has yet come up with anything remotely sensible or practicable.

The NHS will continue to grow and continue to improve. We are totally committed to the National Health Service as a public service, providing high-quality up-to-date treatment, free at the point of delivery. By our decisions on public spending we prove that the NHS remains at the top of the Government's priorities. The NHS has been safe in our hands and it will always be safe in our hands.

OTHER SCHEMES

This year's spending round was as tight as any I can remember — eye-wateringly tight, but we never lost sight of our objective, which is to sustain and improve the key public services that the British people care about: education, combating crime and our health service. In part we have achieved that by increasing efficiency within the priority services but inevitably we have also had to find savings in other programmes.

Falling unemployment and lower inflation have helped to reduce the social security and employment programmes. We are also continuing to transfer activities to the private sector where this is more efficient, as it is for student loans. We have refocused the housing programme to encourage the use of private finance and the transfer of the local authority housing stock to the private sector. We are stepping up our programmes against fraud. We are continuing our remorseless squeeze on the costs of bureaucracy

This Government believes that effective law and order is an essential part of making Britain at ease with itself.

Year after year, this Government has also vigorously attacked fraud and has reformed benefits to target them on those in genuine need. The measures I now propose in this Budget intensify these efforts yet again.

We plan a further move to align the benefits paid to lone parents and couples with children. From April 1998, new awards of Family Premium and Child Benefit will be the same for lone parents and couples. And we are introducing a number of measures on housing benefit and Council tax benefit to ensure that those on benefits do not have a more comfortable lifestyle than those who are supporting themselves on modest incomes. That would be unfair and unwise.

Full details will be made available later today by my Right Hon Friend the Secretary of State for Social Security.

In my Budget two years ago, I announced a whole package of measures to help the unemployed get back to work — from improvements to the Family Credit System to National Insurance holidays for employers taking on long-term unemployed people.

In this Budget I am providing another £100 million of new money, mainly targeted on people who have been unemployed for 2 years or more. They will be required to attend a compulsory programme of interviews with the employment service to give them a helping hand to compete in our ever improving market for jobs.

We are expanding Project Work pilots to a further 28 areas. This will create up to 100,000 new opportunities, on a programme with a good track record for getting long-term unemployed people back to work. I can also announce pilots for a new scheme called "Contract for Work". Private contractors will help people to find work. These firms will be paid by results. As with Project Work, if the scheme works better than the existing approach, we'll expand it.

Dependency impoverishes us all. The welfare system should provide a safety net. It must provide the support that a caring society wants to give to our less fortunate fellow citizens. But the welfare system must never become a way of life.

We do not want our social security system to be undermined by resentment. We have to take these careful measures because we are serious about protecting those in genuine need and we want to go on delivering that protection for the future.

We want to combine a strong affordable welfare system with a successful low tax economy. That

means that when we spend money on social security, it must only go to those who need it. It also means that when we levy taxes we must make sure that they are paid by those who ought to pay them.

As part of our continuing fight against tax and benefit fraud and tax loopholes, I am introducing a package of measures called "spend to save". This involves spending modest amounts of money, carefully targeted, to save much more money and to raise revenue.

There will be more money next year to clamp down on benefit fraud. There will be more visits and checks on benefit claimants in high-risk groups and the information we already have on benefit claimants will be used more effectively to catch cheats.

Inland Revenue experts will be deployed to investigate even more rigorously how some big, sophisticated companies seem to pay so little tax. They will make sure that companies are paying what they owe, and what we intended they should owe. In short, we intend to do more about companies being "economical with their tax".

There will be more resources in the Revenue and Customs to stem the growth of the shadow economy. Tax cheaters put law-abiding small entrepreneurs out of business. We all lose from that. There will be more Customs and Excise officers to tackle VAT and other tax abuse,

including yet more to stop the smuggling of alcohol and tobacco.

The "spend to save" package will cost £800 million over the next three years to secure revenue and expenditure savings of well over eight times that amount — £6.7 billion.

"Spend to save" protects the ordinary taxpayer and the people in genuine need of benefits. It is not about more bureaucracy or more red tape. We remain a government committed to deregulation, and committed to a more efficient Civil Service.

We have cut overall running costs of central government departments by 8 per cent in real terms since the start of this Parliament and we are going to reduce them by a further 7 per cent by the end of the decade. Civil Service numbers are already below 500,000 and we expect this fall to continue.

TAXATION

The first duty of Government

is to make sure that people

can live their lives as they

want and that businesses can

flourish. People must have the

opportunity of a good-quality job

to go to, a good standard of living,

good schools and hospitals and safe

streets to live in. Only when those

essentials are secure, and only

when the Government has made

sure that it is not borrowing more

paying VAT. These measures will raise £750 million in revenue next year, but they also protect a further £1,500 million a year of existing revenue from further attack.

Customs will restrict access to special VAT schemes for retailers.

We will also tighten up the rules of VAT relief schemes for bad debts,

and the option to tax commercial property, to prevent widespread abuse of these reliefs. I also propose to take steps against retailers who reduce their VAT bills when selling insurance with their products.

We announced a three-year limit

on repayments of VAT claims.

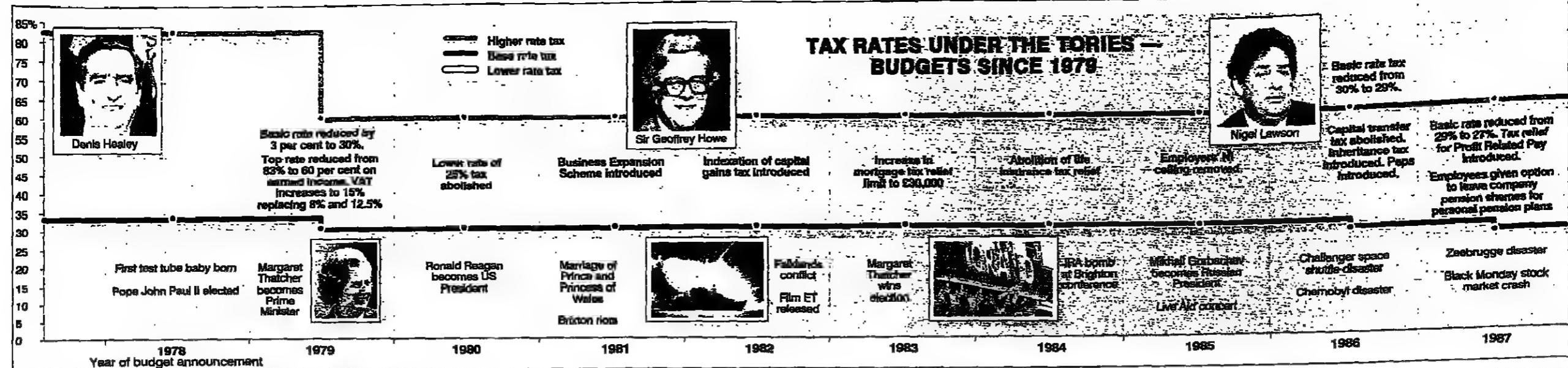
This was a sensible precautionary measure.

Recent high-profile court cases have revealed the potential exposure of the Exchequer to claims for tax going back to when the tax was first introduced. No responsible Government could leave the Exchequer, and ultimately, all taxpayers, exposed in that way. Government needs to strike a balance between what is fair to the individual taxpayer, and what is fair to the whole body of taxpayers.

ROBIN MAYER

ROBIN MAYER

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Government to start to withdraw this special tax relief. I intend to do this gradually, to ensure that businesses which need to adjust their pay packages and their sharing of the rewards of success have ample time to do so.

The upper limit of pay attracting the relief will remain unchanged at £4,000 until 1998 and no one will be affected before then. It will then be progressively reduced until the year 2000, when the relief will be withdrawn altogether.

Capital allowances for long-life assets investment is vital to our recovery, and business investment is now growing strongly. The tax system recognises investment through capital allowances. These allow the cost of investment to be written off against tax bills, frequently faster than it is written off in commercial accounts.

For plant and machinery with a long lifespan, the rate at which costs can be written off for tax is far more generous than for other types of investment and bears no relation to the useful economic life of the asset. This is an unjustifiable distortion in the tax system.

I propose changing the capital allowance for plant and machinery with a life of more than 25 years to 6 per cent on a reducing balance basis. This will spread the tax relief more evenly over the average life of these assets. Groups spending less than £100,000 a year on such assets will be exempt. This will mean that the vast majority of small companies will not be affected. Ships and railways will also be exempt.

I also propose to withdraw the 100 per cent corporation

tax deduction for the intangible costs of drilling most production oil wells.

OTHER TAXES

This Government recognises that low marginal tax rates on income are a spur to hard work and enterprise. Taxes on spending do less damage to effort and enterprise than taxes on income. But the balance of the taxes on spending must be right. And I am making some changes to taxes which help to move towards a better balance for the tax system as a whole.

I propose to increase insurance premium tax, which applies to most general insurance, to 4 per cent. Three-quarters of all insurance, including life and other long-term insurance, will remain exempt. Insurance remains undervalued for consumers compared with other services in this country. The introduction of the tax did not harm the healthy insurance industry that we have. Most companies absorbed the tax and some premiums actually fell for a time. Even after this further modest change, the overall rate of insurance premium tax in the UK remains very low — lower than in almost any other European Union country.

Air travel has also been undervalued because it has proved difficult to get international agreement to tax the fuel. The rates of air passenger duty are to be increased. The £5 rate on flights to most European countries will be increased to £10, and the £10 rate on flights to the rest of the world will be increased to £20. These increases will not come into effect until November 1, 1997, to give tour operators

time to reflect these new rates in the prices they publish in their brochures.

Business travel is soaring and the holiday business is booming at the moment in prosperous Britain and this modest change will not stop it booming in future prosperous years. About 40 per cent of the revenue raised by this tax is borne by overseas visitors.

I am making the same changes to the main vehicle excise duties this year as I did last year. The cost of a car tax disc will go up by £5, about the rate of inflation. The cost of a lorry tax disc will be frozen for the seventh year in a row.

I firmly believe that motorists should bear the full costs of driving, not only wear and tear and congestion on the

Motorists should bear the full cost of driving, including environmental costs

roads, but also the wider environmental costs. Even those of us who frequently have to drive can take steps to cut fuel consumption and we all ought to consider carefully the use of our cars.

I intend to stick to my 1993 Budget commitment to raise road fuel duties by an average of at least 5 per cent each year in real terms. In line with this I am raising the tax on all petrol and diesel by 3p per litre

from 6pm tonight. These tax rises will encourage fuel efficiency and help to control harmful pollution.

AIR POLLUTION

Pollution from vehicles is already coming down, helped by tax measures in previous Budgets. Those to encourage unleaded petrol were a huge success. It now accounts for two-thirds of the petrol market. I want to go further in this Budget to attack pollution in cities and to improve air quality by effective steps to reduce particulate emissions — the smoke produced by diesel engines.

In recent years, new evidence has come to light strengthening the health arguments for reducing particulates. This pollution is being reduced, but we all want to see it being reduced further and faster.

Ultra-low sulphur diesel is cleaner than ordinary diesel, but is slightly more expensive to produce. I want to create the conditions where ultra-low sulphur diesel can cost the same at the pump as ordinary diesel. I have just said that I am increasing the tax on diesel by the same amount as petrol. I plan to reduce the duty on ultra-low sulphur diesel by 1p per litre relative to ordinary diesel, when I get the necessary international agreement.

I also want to encourage high-mileage vehicles in our towns and cities to switch to cleaner gas power. Last year's Budget changes broadly equalised the pump prices of gas and petrol. From 6pm tonight I am reducing the duty on road fuel gases by a further 25 per cent.

I also intend to reduce

vehicle excise duty by up to £500 for lorries that meet very stringent emissions standards from early 1998. This will give an incentive for lorry owners to fit particulate traps or to convert to gas power. We will be consulting on the practical details of these changes.

I believe that this air quality package will significantly speed up the reduction of urban emissions of particulates, helping us to meet our air quality targets for 2005 and beyond. We intend to ensure that economic growth in this country is consistent with a healthy environment and sustainable development.

TOBACCO

In my 1993 Budget I gave a commitment to raise duty on tobacco by more than inflation each year. I believe this is a fair and effective way to hammer home the message that smoking can seriously damage your health. So far as I am concerned, this is necessary masochism in the wider public interest.

From 6pm this evening the tax on a packet of 20 cigarettes will increase by about 15p, on a packet of small cigars by about 7p and on a packet of pipe tobacco by about 8p.

I am, however, limiting the increase in the duty on hand-rolling tobacco to the rate of inflation. Hand-rolling tobacco is proving to be by far the easiest tobacco product to smuggle, although it represents a very small part of the tobacco market.

ALCOHOL

I am aware of the serious problem that cross-border shopping and smuggling of alcohol causes our drinks industry. I have already announced that Customs is stepping up its efforts to catch smugglers.

Last year I was able to freeze the duty rate on beer and wine. This year it will remain frozen. The proportion of tax on the price of a pint in the pub is now at its lowest level for 30 years. For some of us, that helps to keep our small cigars affordable.

Last year's cut in the duty on spirits was the first for 100 years. I was tempted to maintain a striking rate of once every 100 years. But I am sure the industry will be glad to know that they will not have to wait so long this time.

From 6pm tonight the tax on whisky, gin and other spirits will fall by another 4 per cent, worth 26p a bottle. The reduction in the rate on spirits boosts an important industry in the UK. It will also reinforce last year's signal to overseas authorities not to discriminate against our products. Only smugglers will regret that we are slowly moving our duty on spirits nearer to the continental level.

From January 1, the tax on alcoholic soft drinks will be increased by more than 40 per cent, by between 7p and 8p a bottle. This will help to meet public concern about the attraction of these "alcopops" for underage drinkers and it will also attack a distortion of competition by bringing the tax broadly into line with beer.

BUSINESS

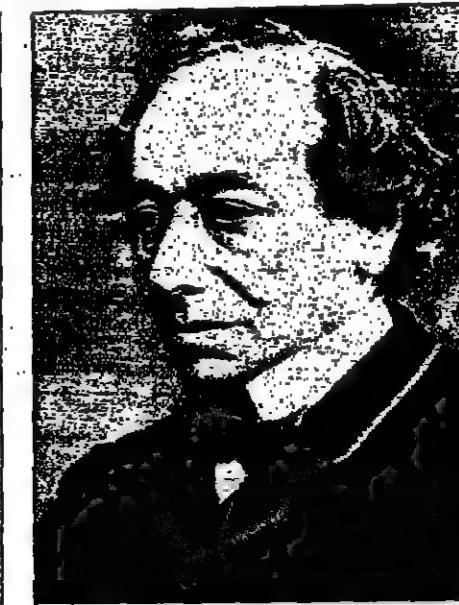
Nothing matters more for business than a stable economic environment — low interest rates and low inflation. Businesses throughout Britain are benefiting from the healthy sustainable growth in the economy that I have described today.

As I promised in my last Budget, from April 1997 there will be a cut in the main rate of employers' National Insurance Contributions, to 10 per cent paid for by the proceeds from the landfill tax. A tax on waste to cut a tax on jobs. This will benefit employers in Britain and make it cheaper to create new jobs in our growing economy.

Our overheads on jobs are already less than half those in Germany, France, or Italy. I am determined to keep that advantage over our continental competitors where the creation of new jobs is over-regulated and over-priced. This is another reason why I

SPECIES THAT ENTERED THE HISTORY BOOKS

The good, the bad and the downright tedious



Long and short of it: Gladstone's record was four hours longer than Disraeli's

IN 1987, the Budget speech of Nigel Lawson, the Chancellor, lasted a meagre 59 minutes — the shortest since 1867 when Benjamin Disraeli crammed the speech into 45 minutes.

□ The longest Budget speech was made by William Gladstone in 1853 and lasted four hours and 45 minutes.

□ The 1980 Budget day fell on a Wednesday, ignoring the typical Tuesday tradition.

□ Budget day in 1976 coincided with the first exposure to Question Time of the new Prime Minister, James Callaghan.

□ There were two Budget days in 1979 one during the Labour administration and one after the Conservative general election victory.

□ The 1965 Budget was mould-breaking not only on the economic front. Along with big tax increases that left the City shellshocked, Callaghan, then the Chancellor, deserted the traditional red Budget box for a new brown dispatch box, which caused further uproar from the Opposition.

□ The Daily Herald declared the 1959 Budget "a man's Budget" because of income tax cuts, 2p off beer and lower purchase tax on cans.

□ The 1955 Budget was announced during a month-long newspaper strike.

□ The first postwar Budget was on Tuesday, April 24, 1945. A few hours after the Chancellor's speech, the lantern above Big Ben was switched on for the first time in five years, seven months and 23 days.

□ The first Budget speech to be televised was in 1991.

□ The 1973 Budget painted a grey portrait of Britain with the addition of a 10 per cent value-added tax (VAT) which the Chancellor, Anthony Barber, promised "would be a simple tax". Children's clothes, sweets, ice-cream, soft drinks, crisps and salted peanuts were to be exempt from VAT as the Chancellor stated that they were no longer considered luxuries.

□ Notable "boring Budgets" of postwar years Callaghan's third Budget, in 1967, was described as "a Budget without a theme or even very much by way of content". When he announced that he had ended his speech, there was a chorus of disbelief, with one Labour MP exclaiming "No!". A former Conservative Chancellor referred to it as "the Budget that never was". MPs from both sides actually questioned whether the Budget debate could be made to last the full three days allowed.

□ Reginald Maudling's 1964 Budget was dubbed by the Daily Mirror as "the most unimaginative Budget in years", even though it was an election year. Harold Wilson said it was as if the previous April's giveaway Budget had been designed to be followed by an autumn election, and the Government had forgotten to hold one.

But I realise that the present system of business rates bears particularly hard on the small business for whom they represent a much bigger proportion of total costs. We must therefore move on as soon as possible to more changes in the system to recognise this and redistribute the burden more sensibly between smaller and larger businesses.

It is to prepare a series of rewrite Bills, the first of them to be ready for enactment in the 1997-98 session. My noble and learned friend Lord Howe of Aberavon has produced a thorough and helpful report on how Parliament may handle these bills. We endorse his broad proposals, and invite the Procedure Committee to consider how the House is going to handle the bills in a sensible fashion. I can announce that Lord Howe has agreed to chair the steering committee which will oversee the rewrite project.

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INCOME TAX

His Government has led Britain towards our clear goal of a low tax economy where private enterprise has the incentive to generate jobs, investment and wealth to make people and their families more prosperous.

We are moving towards a low tax economy where individual living standards continue to rise and the Government can afford the excellent public services that people want.

Low direct taxes are the most effective way to encourage enterprise and hard work. Under this Government those who do an honest day's work and those who take entrepreneurial risk will keep more of what they earn and save.

This year people have taken more heed of my speeches on the overriding priority of securing future prosperity and jobs and financing key public services. Sensible people already expect my cuts in direct

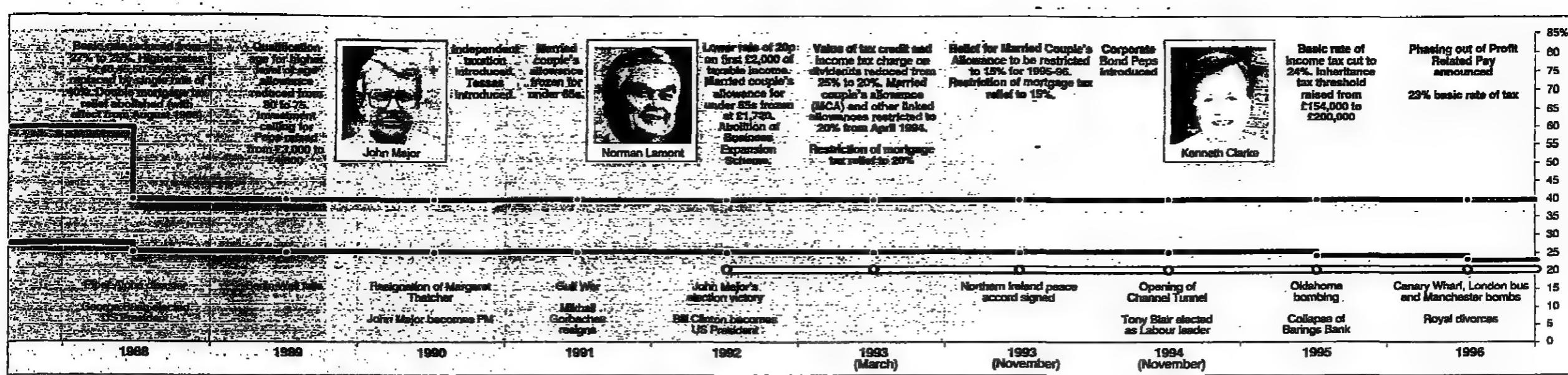
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ABSOLUT GENEROSITY.

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19



"There are no excuses left. There is nothing more for them to do"

We have heard all their tax promises before, says Blair

By ARTHUR LEATHLEY
POLITICAL CORRESPONDENT

TONY BLAIR accused Kenneth Clarke of delivering a "last-gasp Budget" to rescue Tory fortunes with promises of further tax cuts that would fail to deceive the voters.

The Tories had returned to "the old tricks" of offering pre-election tax cuts that voters knew would be reversed after the general election. The Labour leader compared the Budget with tax-cutting measures unveiled months before the last general election but which were followed by a string of tax increases.

Mr Clarke's "boasts" had no more credibility than the "untruths" delivered by Norman Lamont when he was Chancellor, before the 1992 election. "We've heard all their promises before. We heard them at the last election and did not believe them. The difference this time is that the country doesn't believe them either."

Voters would remember that the tax promises made before the last election had been followed by tax rises and that forecasts on the national debt had proved unfounded.

"This is actually the last-gasp Budget of a Government whose time is up, which can't be trusted with the future and can't make amends for the past. They can't be trusted on tax, on the economy, on the health service, on education — they can't be trusted with our future. The truth is, after 17 or 18 years of one Government, there are no excuses left. There is nothing left for them to do except go."

He taunted John Major and Mr Lamont for their pledges that the scope of VAT would not be increased. "If they told those untruths then, why should we believe them now, whatever they may say?"

Even after the cut in taxes

announced by Mr Clarke, the average family would be £120 worse off at the next election than they were in 1992. The Chancellor announced a crackdown on tax cheats. I think he should start with the Conservative Party after 22 Tory tax rises."

He identified a £4 billion rise in council tax over the next three years, increases in airport and insurance taxes and the phasing out of profit-related pay as examples of the Tories' "old con-trick". "Give with one hand, take with another."

Mr Blair also taunted the Chancellor over his plans to close tax loopholes, insisting Mr Clarke had previously ridiculed similar calls by Labour as "Alice in Wonderland" fantasy. "Now he is resting his spending plans on him."

He also mocked the Government's efforts to reduce the national debt. "This year it was supposed to be £6 billion. This is now £2 billion. This Prime Minister, having won an election on the pledge that he would cut taxes and cut debt, has doubled the national debt."

Mr Blair said that the Government always promised

more for health and education. But look at the facts of what is happening in the NHS. Waiting lists rising again, 36 trusts in deficit, 20,000 more managers and 50,000 fewer nurses."

Government claims that health spending was increasing by 3 per cent next year masked the fact that in the following two years it would be under the inflation rate. "The actual spending increase is in fact a fall by 0.7 per cent a year."

On education, he said the Government had promised an extra £800 million last year but, because local authorities were already spending £800 million above their limit, the increase was less than the inflation rate.

The Government's planned expansion of nursery education had been cut back with a £5 million reduction in the allocation for the nursery education voucher scheme. "Their problem is not just the trade gap, or the investment gap. It's a credibility gap."

Mr Blair ridiculed Mr Major for predicting privately, the day after winning the last general election, that the Tories would become the most

unpopular Government for a long time. "I will tell you why he was going to be unpopular: because he knew the truth but it wasn't told at the election."

Voters would judge the Government on its 17 years in office, during which Britain had fallen to ninth in the international league for prosperity, 18th for living stan-

• Last gasp of a Government which can't be trusted with the future and can't make amends for the past

dards and 15th for interest rates and inflation. Failure to invest in manufacturing, education and training had led to fundamental weaknesses in the economy, including a reduction in the number of jobs, which had not been addressed by Mr Clarke's speech.

"Without the measures for

the long term, to increase investment, boost education, tackle that structural unemployment, we will never have that recovery or prosperity that lasts."

The Government did not mind how unequal or fractured society became. "They thought if they satisfied the short term, the long term would look after itself. But it doesn't work like that."

However, if the Government did not invest now, it would not be able to reap the rewards in the future. "A nation run for the few will never be fit for the many."

Paddy Ashdown, the Liberal Democrat Leader, said the Budget would be remembered as the leaked Budget, but it should be known as the smoke-and-mirrors Budget. "This is a Budget of slick tricks and small measures. It pretends to be responsible, but it isn't. It pretends to give big tax cuts, but it doesn't. It pretends to invest in public services, but it won't. But, though the measures in this Budget may be small, the damage it will do will be big."

He pledged that his party would vote against the income tax cuts.

'My virtuous Budget will bring hard workers rich rewards'

Continued from facing page They know their well-being depends on lasting growth and more jobs and that living standards rise from a combination of steadily rising incomes and steadily lowering taxes. Tax cuts matter a lot to low paid people and to men and women in ordinary jobs. I announced my income tax cuts last year as a return to our tax-cutting agenda, and for the second year in succession I am delivering an instalment of that agenda. I want to ensure that tax does not start to be paid at too low a level of income and I want to improve work incentives. I propose first of all to raise the threshold below which no income tax is paid at all.

I am making an increase in the basic personal allowance of £280. That is 3½ times more than necessary to cover the rate of inflation. It will also ensure that every person who pays any income tax will get direct benefit from this Budget.

I am also increasing the married couple's and related allowances by £40, maintaining the extra tax allowance to all married couples. It will now be worth nearly £275 each year for married couples. The tax system does recognise marriage, contrary to popular belief.

We also give a special tax allowance to blind people. This year I am increasing that by the rate of inflation. And I will put indentation of this allowance on to the same scale.

And, yes, Mr Deputy Speaker, I am indeed also able to reduce the basic rate of income tax by 1p to 23p in the pound. The small companies rate of corporation tax will be reduced to 23 per cent in line with this, helping 400,000 companies. The main rate of corporation tax of 33p is already lower than in any other major industrialised country.

Seventeen years of steady progress, so far, means that the basic rate of income tax is now a full 10p lower than the rate we inherited in 1979. It is at its lowest rate for 60 years. Another penny off the basic rate is a significant further step towards this Government's target of a 20p basic rate of tax. For more than seven million people our promise of a 20p basic rate is already a reality. I am bringing other income taxpayers even closer to that reality: 20p is a realistic and attainable goal for the next Parliament.

LIVING STANDARDS

With increases in real earnings and the tax changes in this Budget, a family on average earnings will be another £370 better off next year over and above inflation. The same family will have more than £1,100 more to spend each year after tax and inflation than they did before the last election. In 1992, the background was one of a worldwide slowdown and a recovery in the UK that had barely started.

This is not a Budget just for the next few months; it is a Budget for many prosperous years to come. It is a Budget that this Government will build upon again in 12 months. I command this Budget to the House.

Mr Deputy Speaker, this is the stage of my Budget speech where everyone is asking themselves, are the guesses of the newspapers right? Am I indeed going to cut a penny off the basic rate of income tax? What the newspapers did not know was that my control of public spending and borrowing would have allowed me to take 2p off if I had chosen to. But I preferred instead to raise personal allowances and widen the 20p band for those at the bottom end of the scale.

We also give a special tax allowance to blind people. This year I am increasing that by the rate of inflation. And I will put indentation of this allowance on to the same scale.

Continued from facing page

I said that I would put Britain firmly on course for a sustained period of rising prosperity and falling unemployment, based on low inflation and healthy public finances. I have delivered on those promises.

The Government believes in allowing people to keep as much as possible of their own income so that they can make their own decisions.

This Budget cuts public spending next year by £2 billion and it generates an extra £500,000 in revenue through "spend to save". It contains a balanced tax package; it includes tax cuts of £2 billion while it secures the tax base by £1 billion. The effect of the Budget is to tighten fiscal policy and so protect lasting recovery.

I realise virtue doesn't always bring its own rewards. But this virtuous Budget will bring rich rewards — the rewards of economic success to hardworking people of this country. Never forget, good economics is good politics.

This is not a Budget just for the next few months; it is a Budget for many prosperous years to come. It is a Budget that this Government will build upon again in 12 months. I command this Budget to the House.

Cardiff Bay

C Cardiff's waterfront transformation into an energetic and vibrant community is almost complete. The vision to change from dereliction and decay into a capital city where people enjoy a superior living and working environment is steadily becoming a reality. Already Cardiff Bay is home to a wealth of talent and investment in broadcast and multimedia, and related IT sectors. As more people discover the secret of Cardiff Bay, so the skills base expands. Cardiff Bay boasts superb telecommunications infrastructure: ISDN lines, broadband cable and now its own satellite uplink, soon to be joined on a dedicated multi media business park. It will deliver broadcast standard video and voice transmission, plus data transfer, to North America and Europe. The time has never been better to link your business to the Cardiff Bay transformation.

Not just virtual, but reality

Europe's most exciting waterfront development

If you want to know more about the reality of Cardiff Bay please contact us at:

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BUDGET 96

Fabulous, unbelievable: how it would hit home in TV land



■ Edie and Patsy are thrilled that tax on wine is unchanged and that vodka is going to be 26p a bottle cheaper — "but 15p on cigarettes, dahling! Honestly, dahling. Okay, okay, okay, Saffie, I know it's an incentive to give up, but to me it's just an incentive to keep sucking right down to the filter. As for the extra air passenger duty, dahling, Patsy and I will just have to drink three times as much free Bolly on the plane to Milan to make up the cost." Saffie tells her that the average family will be £370 better off, "but we're not an average family, are we, dahling? And you can wipe that smile off your face." Just because the inheritance tax threshold has gone up to £215,000 doesn't mean you'll be getting any more of my dosh." No, agrees Patsy, "not if we stick it up our noses first, Edie. Have we toasted Ken yet, dahling?"

■ Gary and Tony are already celebrating the Chancellor's decision to leave lager alone — "Unlike us, eh Gary?" — but regret having got in a few six-packs in anticipation of a tax rise: 340 six-packs, to be exact, which is going to make moving around Gary's flat tricky for a few days. Gary has sent the girls to buy Rizla papers and hand-rolling tobacco, which has escaped the 15p-a-pack levy slapped on cigarettes, but Tony doesn't think it's romantic to roll his own after sex. Gary reminds Tony not to worry, because Tony rarely has sex anyway. Gary can stomach the extra 15p for car tax and 3p a litre on petrol as he will be paying less tax. But Tony fears that the extra £450 million for law and order boosts their chances of being arrested for disorderly behaviour. Tony says he can't quite visualise £450 million. "Think of it," says Gary, "as 568 million cans of Heineken."

■ Detective Sergeant Lewis "Good Budget, don't you think, Sir, what with 2,000 more constables on the street next year. By the way, do you mind if I call you Endeavour?" Inspector Morse: "I mind greatly, Lewis; you're not supposed to know that. And since when has beefing up the uniforms helped to solve a murder? They all get soaked up in community policing, traffic, that sort of thing." Lewis: "But surely, Sir, putting more customs officers on to VAT fraud, alcohol and tobacco smuggling will make an inspector's lot a happier one." Morse: "You surprise me sometimes, Lewis. Idiots who stash a Transit van full of cheap French plonk and bring it back to Dover are no concern of mine. I've got far bigger worries on my mind. Like my Jaguar. Car tax up to £145, 3p a litre on petrol? Perhaps I should get the old girl converted to gas."

■ Tricia Armstrong, the lowest-paid machinist at Baldwin's Sportswear in Weatherfield, is hoping that the Chancellor's move to raise the starting tax threshold will swell her spending money. With her husband in prison and a second child on the way, Tricia is already on the breadline. Since she doesn't smoke, the extra 15p on cigarettes makes her feel richer without actually affecting her purse. And since she gave up drinking when she became pregnant, she won't even benefit from the 26p being knocked off gin and whisky. For the sake of her 13-year-old son, Jamie, she is grateful that another £850 million is going on schools, and it will make her life with the new baby much easier if the £1.6 billion on health spending eases the queues at the local hospital. The doubling of air passenger duties is academic for Tricia. She struggles to afford the bus fare.

■ Rab C. Nesbit: "I tell you this, boy, Kenny Clarke disease live in Govan. See income tax? What's that? See business investment expected to grow by 10 per cent? No' in this wee corner o' Glasgow, pal. Income and investment is no' words, that is often tossed around in conversations over the Tennents' lager at soirees up our stair. What's mair, I take it as an affront the human dignity when yer man says he's gonna spend £100 million helping in the long-term unemployed back the work. Does he understand our culture? An' no content wi' that, he's pittin' 2,000 mair rozzers on the street, and plannin' to tighten up on tax and benefit fraud. This English Tory morag is threatening to destroy a way o' life. See you, Clarkey, dimmies think you can buy us all by knockin' in 26p off a bottle o' Bells. Ye never knew a penny off a pint o' lager, ye swine. See me: ah'm votin' for Sean Connery."

■ Victor Meldrew: "God dammit, Margaret. I don't believe it. That ruddy man says that if I'm to get this new benefit for people who have been unemployed for more than two years, I will have to attend compulsory interviews at the Jobcentre. It's outrageous. And all his talk about spending an extra £450 million on law and order — I'll tell you, Margaret, I bet not one penny gets spent down this street. What do you mean, 'We could always go away on a little holiday'? Good God, woman, are you so stupid? He's just doubled the airport tax. And you know what happened when we went on holiday once before the ruddy house burnt down. Now I have to pay an extra 1.5 per cent insurance premium tax in case it happens again. It's all very well him taking a penny off income tax; doesn't the blessed roan realise I haven't got an income? I just don't believe it."

Plain English taxes the brain

BY JON ASHWORTH

TAX CODE

ONLY Kenneth Clarke could say it with a straight face. A year ago, he triumphantly unveiled plans to rewrite the tax code in plain English, stamping out gobbledegook, and saving untold millions in professional fees. Yesterday, he admitted the truth: the project was about as easy as translating the whole of *War and Peace* into lucid Swahili.

Last November, the Chancellor dismissed the subject in a couple of sentences, noting that tax law had become too long and complicated. There was no stopping him this time. The project was vastly ambi-

tious, he mused. There were 6,000 pages of Inland Revenue law to rewrite, compared with only 1,500 pages of *War and Peace*. As he so incisively noted: "We did not have a Tolstoy to write our taxation laws in the first place."

The hunt for surrogate Tolstoys is well under way. Somerset House has begun advertising for lawyers and accountants with a grasp of English, hoping to entice them from the private sector on two-year contracts at £40,000 a year. The idea is to assemble a 40-strong team under Neil

Monro, a senior tax official, who will report directly to the Inland Revenue board.

Advisers have concluded that the "rewrite project" is feasible, and have laid out a five-year timetable. A steering committee has been formed under the Chancellor's "noble and learned friend", Lord Howe, whose speech-making delivery was once famously likened to "being savaged by a dead sheep".

More details will follow shortly. Mr Clarke said the aim was to prepare a series of rewrite Bills, the first of which would be ready for enactment in 1997-98. Lord Howe, he added, had produced a "thor-

ough and helpful" report on how Parliament might handle these Bills.

The Chancellor said that the project would bring the benefits of "clarity and certainty" to businesses and ordinary taxpayers — a view endorsed by leading accountants, Ian Barlow, head of tax at KPMG, said it was important to produce a couple of quick pieces — one for the man in the street, the other for the experts. It was regrettable that no attempt would be made to reform the way that the rules are written, but he accepted this time was politically unrealistic in the run-up to an election.

£3m rise won't take crisis out of drama

BY DALYA ALBERGE
ARTS CORRESPONDENT

ARTS organisations predicted more closures last night, saying that a Budget increase was too small to tackle the effects of a long squeeze.

The Department of National Heritage received £924 million for its 1997-98 programme. This means that the Heritage Secretary, Virginia Bottomley, will give £3 million "over plan" to the Arts Council of England and to museums and galleries.

However, critics said that the increases were so miserly, they represented a cut in real terms.

Nicola Thorold, director of the Independent Theatre Council, said: "The Arts Council's grant for 1997-98 is £25 million less than it was at the last election in real terms. Cuts since 1992-93 have been devastating to smaller arts companies. Over 100 have closed since the election."

Lord Gowrie, chairman of the Arts Council of England, said: "Standstill funding does mean that a number of important arts bodies of all kinds remain at risk. We have been warned by some that they might cease trading." Jennifer



The National Gallery will consider "substantial savings" but not entry charges

Edwards, director of the National Campaign for the Arts, said: "This will be death by a thousand trimmings. For most clients, this will be a fifth year at a standstill grant, which isn't sustainable any more. It will mean closure and real misery for some."

Sir Hugh Leggett, a leading heritage campaigner, said: "Three million is minute. This undermines the Government's paucity of understanding the importance of these institutions in education, both for children and adults. It is in truth the highest form of education."

The British Museum and National Gallery are among

those facing reductions. A National Gallery spokeswoman said that by 1999-2000, they will be facing a 12 per cent cut. "These are severely disproportionate allocations."

"The gallery has improved its services to the public, and it will now examine its plans very carefully in order to find substantial savings, especially in the medium term. It is too early to say what the outcome will be in detail. The gallery is not considering imposing admission charges."

Sir Geoffrey Gata, chairman of the Royal Shakespeare Company, said: "If the freeze is passed on yet again to the RSC, its very substan-

tial cumulated reduction in real income will give an already efficient organisation serious problems maintaining its access and coverage. The continuing freeze will certainly give the Arts Council major problems across its whole range of clients."

The Government has allocated £45.9 million for the sports councils, a figure which had been projected a year ago. The new UK Sports Council will receive £11.3 million, the English Sports Council £3.7 million, with £400,000 for children's play going to the National Playing Fields Association.

Clarke fares better than single shadow



Kenneth Clarke will light up a cigar, reach for his pint and raise his glass to what will become known as the Drinker's Budget. A longstanding beer drinker and lover of smoke-filled jazz bars, the 56-year-old Chancellor has done his bit to ensure the beer will be flowing in pubs across the nation.

The freeze on duty on beer and wine will help the Chancellor's pocket even if the 7p increase on a small packet of cigars lessens his love of Cuban Montecristo No 5s. The rise will add about 6p to a box

Gordon Brown now has every incentive to get married. Still single at 45, and taken to task for it by Sue Lawley on *Desert Island Discs*, the Shadow Chancellor would be £16 better off as a married man.

Mr Brown earns an MP's basic salary of £34,803 (he refused the recent increase, leaving him £436 better off after the Budget). As a married man, he would be £452 the richer, still some way behind his Tory counterpart. He writes a column for the *Daily Record* in Scotland, but do-

tates the proceeds towards running his office. One suspects Mr Brown's inaugural Budget — if and when it happens — could be a dull affair, windfall taxes excepted.

The non-smoking son of a Church of Scotland minister, Mr Brown allows himself the occasional tipples — although whisky, curiously for a Scot, is not a favourite. The 26p a bottle reduction in the price of spirits may pass him by, particularly given his current fitness drive, which has seen him shed more than a stone in weight.

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MICHAEL BENNETT

Missing refugees start to emerge from Zaire forests

TENS of thousands of Huts refugees who had been missing for weeks in the jungles of Zaire poured into camps yesterday in Minova, a small town on the west of Lake Kivu under the control of the Mai Mai Zairean rebels.

The refugees, already numbering well over 50,000, said that most of the others who fled the fighting for Zaire's interior last month were heading for Minova while Hutu extremists and their families were marching to Kigamboni and Walekale, deeper in the country.

Exhausted after trekking from Bokavu 100 miles to the south into the forests and back to the lake, the refugees said many had died on the way.

The Mai Mai, who are in alliance with east Zaire's Kwandza-backed rebels, were trying yesterday to arrange to move the refugees back to Rwanda, either by road or across the lake. In the meantime, the Hutu civilians who fled retribution for the genocide of a million Tutsis and Hutu moderates in Rwanda in 1994 have nothing to eat or drink.

"We have used the last of our supplies and have nothing left to eat. The water here is also dangerous to drink because it has not been treated. We desperately need the help of the UNHCR (United Nations High Commissioner for Refugees)," said Innocent Habimbiere, 40, who fled Bokavu with 11 members of his family, five of whom have disappeared.

The UNHCR has been desperate to find the refugees since they fled the camps in the south and has used satellite images of east Zaire and British aerial surveillance aircraft in its search. A short drive from Goma, 35 miles away, is now all that is needed to begin solving the biggest mystery of the refugee crisis.

A steady stream of refugees descended into Minova along the road south to Bokavu.

Sam Kiley reports from Minova on the thousands of Rwandan Hutus who are desperate to return home

Most had come from the surrounding mountains and forests where they had fled first the fighting and then their own extremist leaders. The leaders had insisted that the people should walk to Walekale as part of a human shield to protect the Hutu militia from attacks by east Zaire's rebels.

"We have been living off berries and forest food. But now we are just too tired to go on. Please, all we need is lorries to take us home. We want to go home so badly, so badly," Mr Habimbiere said.

Some refugees were taken back to Goma on an ancient ferry yesterday, but hopes of a swift return were dashed when the boat broke down.

Alphonse Singirankwabo, 38, arrived in Minova last Sunday. He had walked for two weeks with his wife and son, aged six. "There are many others coming," he said. "They

St Denis Réunion: An Italian woman who survived the Ethiopian Airlines crash off the Comoros Islands is refusing to undergo a life-saving operation because she is a Jehovah's Witness, the authorities here said yesterday (Dingo Gilmour wires).

Her identity has not been disclosed. Another two of the six Britons feared dead were named yesterday. They were Alison Russell and Kanfi Shah. Officials at the Foreign Office in London could not say whether Shah was a man or a woman. The other Britons listed as missing are Andy Meakin, 43, Tony Charters, 46, and Brian Tedley, 61.

Although told by their leaders that they would be slaughtered when they got to Rwanda, few if any of the refugees appeared to be frightened by the prospect of official investigations into whether they took part in the genocide.

"We can share our country with the Tutsis. They have not been bad to us here, so why should they persecute us in Rwanda? Just help us to get home, please," Mr Habimbiere said.



A policeman displays vases and cups from the Etruscan tomb hoard yesterday

Etruscan tombs discovered

Rome: New light has been shed on one of Europe's most mysterious lost peoples, the Etruscans, after the discovery of nine perfectly preserved Etruscan tombs at Cerveteri, on the Lazio coast north of here (Richard Owen writes).

Maria Antonietta Rizzo, archaeological superintendent of Italy's Etruscan ruins said that the finds included an "incredible hoard" of bronze

and gold cups, necklaces, plates, vases, perfume jars and jewellery.

The layout and furnishing of Etruscan tombs, along

"streets of the dead", mirrors that of long-vanished Etruscan houses. The tombs thus provide an insight into the lifestyle of a people who appear to have enjoyed a high level of civilisation but left no literature to record their cul-

ture. They were defeated in the fourth century BC by the Romans who successfully set about obliterating nearly all traces of the vanquished race.

In its heyday Cerveteri, Roman Caere, was one of 12 major towns in the Etruscan federation. The newly uncovered fifth, sixth and seventh-century BC tombs were found when police saw three grave robbers digging.

Netanyahu defies protests to visit Jewish settlement

FROM CHRISTOPHER WALKER IN JERUSALEM

TENSIONS between Israel and the Palestine Authority rose yesterday as Benjamin Netanyahu made his first visit to a Jewish settlement since becoming Prime Minister and pledged to continue expanding the outposts built on land conquered in 1967.

His high-profile visit to the West Bank town of Ariel, home to 13,000 Jews, came less than 24 hours after Yasser Arafat, the Palestinian Authority leader, sent him a letter warning that new construction would "bury" the hoped-for expectations of peace."

As well as displaying contempt for the Palestinian objections to his determination to boost the total of 145,000 Jews in the West Bank, Gaza Strip and Golan Heights, Mr Netanyahu's trip flew in the face of American criticism of his settlement plans. On Monday a State Department spokesman in Washington said they were "not helpful" to the ailing peace process.

"Do you really expect that a Government was elected that said it intended to maintain the communities in Judea and Samaria and that the Prime Minister would not visit these communities?" Mr Netanyahu asked reporters.

The visit came as Israel reinforced its force of tanks and armoured personnel carriers in the Gaza Strip after an incident on Sunday when Palestinian protesters blocked the road leading to a settlement. Mr Netanyahu said that any similar acts would be met with a tough response.

"Yesterday's trip and the reaction to it from Mr Arafat were seen as evidence of a new crisis facing the peace process. 'Netanyahu has to go back and read agreements concerning the settlements,'" Mr Arafat said. "It was agreed, no new single settlement would

Jubilant Iraqis hail UN oil deal

FROM MICHAEL THEODOULOU IN NUCOSA

JUBILANT Iraqis danced in the streets yesterday after the Government agreed to United Nations terms to sell a limited amount of oil to buy much-needed food and humanitarian supplies.

As the Iraqi dinar soared against the dollar, officials predicted that Iraqi oil would begin flowing next month for the first time since Iraq invaded Kuwait six years ago. "The flow of oil means the flow of life back to Iraq," trumpeted the government-run *al-Jumhouria* newspaper.

The Prime Minister, whose May election triumph over Labour's Shimon Peres was achieved by almost 100 per cent support among the right-wing settlers, used his tour of Ariel to underline his refusal to uproot a single settlement as part of any future peace deal with the Arabs.

Senior Israeli officials accused Mr Arafat of deliberately inflaming the public mood. They said he was trying to provoke more violence such as the incidents in September that left 75 people dead and 1,500 injured.

"Arafat is playing fire. Apparently he only understands the use of force," one senior Israeli officer said.

In south Lebanon yesterday, Hezbollah guerrillas killed a suspected security agent for an Israeli-allied militia, Lebanese security officials.

London: Syria scored suggestions yesterday that Damascus could resume peace talks with Israel soon (Michael Binyon writes). Farouq al-Sharaa, the Foreign Minister, said after talks here with Malcolm Rifkind, the Foreign Secretary, that the Netanyahu Government was not willing to continue the talks along the lines that had already been agreed. "It would be a waste of time if we throw all that we have agreed into the sea," he said.

He also said there was a "contradiction" in Mr Netanyahu's proposal to start peace talks again while refusing to withdraw from the Golan Heights on the basis of land for peace. "It shows that he is not serious at all about achieving peace in the Middle East."

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An Iraqi in Baghdad absorbs the oil news

Italians urged to rediscover their Latin roots

FROM RICHARD OWEN IN ROME

A CAMPAIGN has been launched for Latin to be reintroduced as a compulsory subject in Italian schools after an absence of more than 30 years.

Latin is still taught in private Roman Catholic schools. However, it has not been taught since 1963 in the state-run *scuola media*, which all Italians attend between the ages of 11 and 14. Latin is an integral part of the curriculum in some high schools, attended by pupils between 14 and 19, but this accounts for only a third of the 14-19 age group

and many Italians leave school at 14 with only a *scuola media* education.

The campaign is led by Giancarlo Rossi, a Milan architect, who argues that Latin was dropped because many left-wing teachers in the 1960s mistakenly saw it as a "symbol of the ruling class". Signor Rossi said Latin also suffered from its association with the Fascist era, when Latin was compulsory in all schools, partly because of Mussolini's attempt to use the Roman imperial past to promote his own ideology. "The mortal blow was when the [Catholic] Church abandoned Latin in the liturgy," Eduardo Sanguineti, a

poet, said. Signor Rossi, editor of *Latinitas*, a Latin-language magazine, first issued his appeal in *Micra Mega*, a small but influential left-wing magazine. It was taken up by *Corriere della Sera*. "Latin formed our civilisation and society," Signor Rossi said. "Its importance and relevance today cannot be exaggerated. He wants the "European anthem" — Beethoven's *Ode to Joy* — to be sung in Latin.

The campaign is backed by leading authorities on classical history such as Professor Elio Lo Cascio of Naples University and Professor Gaetano Bonella of Chieti University. They say

OJ denies leave experts aghast

FROM GILES WHITTELL IN LOS ANGELES

O.J. SIMPSON yesterday returned to his civil trial for causing wrongful death after leaving experts aghast with a series of bold but scarcely credible denials the previous day. One leading lawyer said: "He's drowning himself."

Mr Simpson denied ever owning an incriminating pair of Italian shoes despite being shown a photograph of himself wearing them. The picture, he said, was a fake. The shoes were identified as identical to a pair that left bloody footprints beside the murdered bodies of Nicole Brown Simpson, his former wife, and Ronald Goldman, Mr Simpson's alleged victims.

Earlier he insisted that he had never taken a lie-detector test after the June 1994 murders, even though his lawyers have admitted that he had.

Playwright's teacher claims 'Rent' arrears

FROM QUENTIN LETTS
IN NEW YORK

A SQUABBLE over copyright threatens to ruin Broadway's latest hit show.

The musical *Rent* was written by a struggling young playwright, Jonathan Larson, who died of a heart complaint on the eve of its success. Now Lynn Thomson, Mr Larson's former drama professor, has claimed that she collaborated with the author and deserves some of the credit for the show's success — plus \$40 million (£26 million) in royalties.

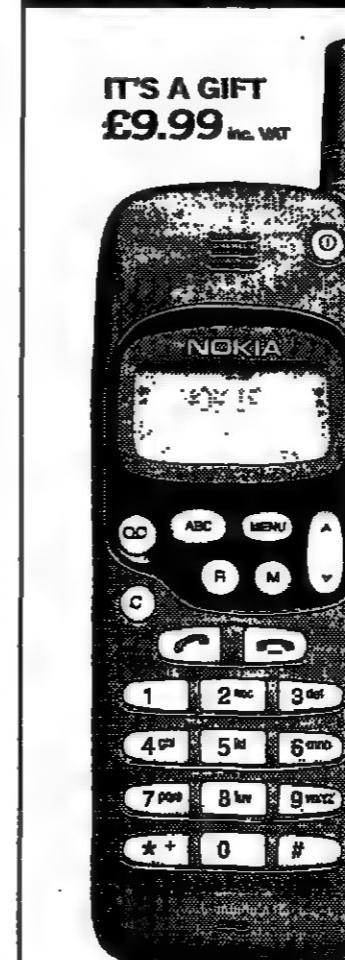
Rent is a modern American

reworking of *La Bohème* with a rebellious undertone that pleased Manhattan's armchair socialists. It has been hailed as a new genre of Broadway musical, a change from the mainly British, gitzyscapes of the past two decades.

The show has taken about \$250 million at the box office since it opened in February. When touring deals, recording contracts and future seat sales are taken into account, it could be worth \$1 billion.

Mr Larson's father, who administers his son's estate, vowed to fight Thomson's demand for a \$40-million share of the royalties.

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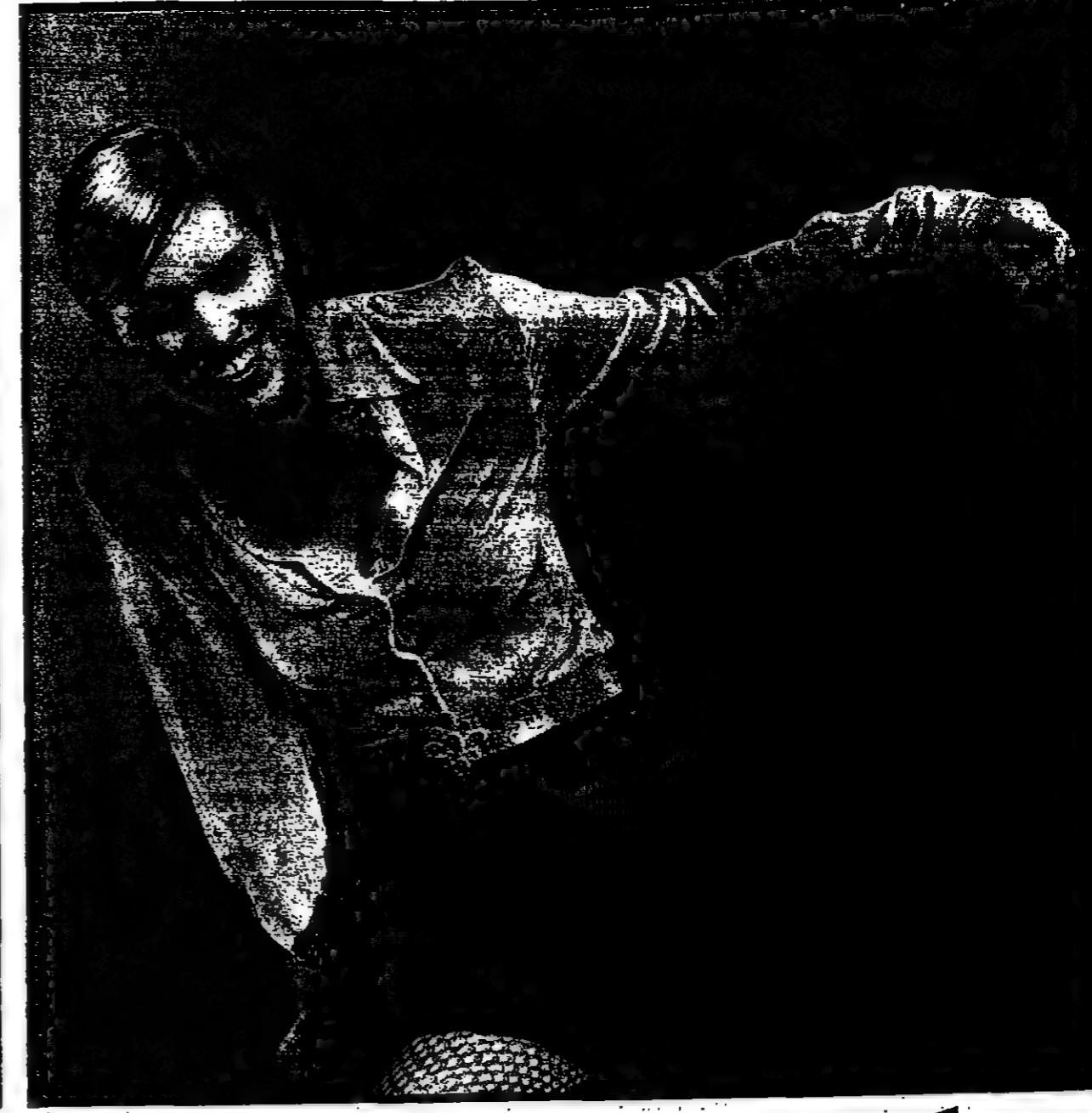
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Minimalism is the golden rule



From chain mail tops to stylish belts — putting on the glitz has never been so easy since designers joined the season's gold rush

Head-to-toe gold was one of the more daring style statements of the 1980s. Kryste Carrington, of *Dynasty*, was its most famous exponent. Her scoop-neck, gold lamé evening dress with its bussress shoulder pads, inspired a thousand drag queens.

It also filled department stores with extraordinary metallic creations. Bought in haste, they were then repented at leisure by women who

snapped them up, hoping to recreate the glitzy high life of the series at their local dinner-dance.

So debased was the style currency of gold by these excesses that designers have steered clear of it for some years.

Even in America, where the gold rush is part of the national myth, the sight of Trump Tower, looming above Manhattan in all its gold vulgarity, prolonged the reign of beige.

But this autumn, the fashion world forgot its inhibitions and returned to the precious metal for inspiration.

Michael Kors, an influential American designer, created gold chain mail tops. Ralph Lauren gave another transatlantic interpretation with gold lace dresses in his Polo line, while at Gucci Tom Ford, another satesider, produced Halston-inspired gold sandals with ankle straps, block heels and platform soles.

There is no need to go for the full Shirley Eaton effect, however. (For those who don't know their Bond films, she was the girl whom Auric Goldfinger annihilated with a top-to-toe paint job.) Instead, gold accessories can be used to lift colours such as brown and to tone with the season's blonde shades.

There are plenty of catwalk precedents. Istante, one of the Versace lines, combined a heavy gold belt with the military look. So, too, did Chanel, and its heavy jewelled belt, worn by Stella Tenant in numerous adverts, has been one of the most photographed accessories of the season.

Fortunately there is no need to spend several hundred pounds to achieve the look — the Otto Glanz belt pictured here (top right), with its jewel-encrusted buckle, is clearly inspired by the Chanel and costs a relatively modest £59.

Most of the major names in costume jewellery have brought out simple, curving gold torques and earrings that are chunky but minimalist.

Even so, since jewellery has been out of fashion for a couple of years, it's best to avoid overdoing things. Golden shades of clothing, a gold belt and a gold bracelet would be too much. Without careful editing the effect can be more nouveau riche than ancien régime.

This season, gold is all about classicism — a look that is not so much antique as inspired by antiquity. Burnished golds, brazen "old golds" and yellow gilds are all part of the spectrum — and are more tasteful than the full-on medallion shades that fall in the middle.

Look around and it's possible to find plenty of clothes that give a nod to gold without being too glaringly obvious.

And finally, don't buy too much. The gold standard may have been long-lived but fashion is famously more fickle.

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MICHAEL BENNETT



Seventies sunglasses.
This pair is the very height of kitsch glamour and costs £109 from Cutler and Gross, 16 Knightsbridge Green, London SW1 (0171-581 2250).

Mustn't have jumpsuits, boiler-suits, all-in-ones — whatever you call them, it's the same unflattering style. So what do designers do? They bring them back...



ABOVE LEFT: Moleskin trousers, £115; by Morgan. Gold strap top, £40, by Warehouse. Gold platforms, £54.99 by Ravel.

ABOVE RIGHT: A-line skirt, £39, by D&G at Harvey Nichols. Silk velvet shirt, £74, by Jigsaw. Gold belt, £59, by Otto Glanz at Fenwick.

FAR LEFT: Skirt, £23.99, by La Redoute Catalogue. Shirt, £165, by Pein Sud, available at Harrods. Belt, £19.95 by Otto Glanz at Fenwick.

LEFT: Gold Luxe dress, £25, by No Such Soul, Hype DF, Kensington High Street.

Photographer:
STEVE POOLE.
Hair and Make-up:
Nicky Tavilla at
Terrie Tanaka using
Shueme. Model:
Sarah Holland

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Nigella Lawson

Once we were afraid to discuss our clothes. Not any more

It's happened to royalty, it's happened to astrologists, now it's happening to clothes: once all these subjects were considered the conversational preserve of the intellectually challenged, the less than socially respectable; these days they are considered acceptable dinner-party chat in the politest of society.

Well, times change, that fact alone is a constant. Once it was considered most dreadfully coarse to comment on what one was eating; now, as they say, food is the new rock'n'roll and everyone has their own riff. No meal is considered complete without full culinary analysis as a friend back from a nine-year spell in LA commented to me at a recent dinner party in London, everyone's a food critic now. But clothes? That's an odder one, because what has kept people publicly silent on the subject so far has been not the fear of sounding coarse but the fear of sounding self-absorbed. Now one wants to be seen to expend any energy, any attention on their appearance. But evidently they do, and these days they're not afraid to show it. Shallowness is the new chic. And in the television age, image is everyone's concern.

At a recent dinner party people were most exercised, not by talk of what the Chancellor might or might not do yesterday, but of what this month's *Vogue* had pronounced on appropriate wear for the forthcoming party season. It's not so much that this was being discussed that interested me, but that everyone had a view. The London *Evening Standard* concluded yesterday that the Dress-Code Crisis was all but irremovable. It was joking. But for an increasing number of people, this is a very serious matter.

It strikes me now that it is rather old-fashioned and earnest of me to look so askance at the whole subject. The clothes a person wears are, I suppose, just as telling as the books he or she chooses to read.

In the old days, even in the



Whooping it up at the London Love Ball in The Fridge, Brixton. As the party season begins, appearance is all

1960s, however much we read about the glorious blossoming of individuality in that decade, there was only one way to look: if staying in the 1960s for a minute, you look at pictures of the Queen, even of the Queen Mother, at that time, you will see that they were wearing short skirts. That was the fashion, and fashion dictated everything.

We might think this to have been constraining, but actually there is something liberating about such dictatorial dress codes: in conforming to fashion we are not expressing ourselves, merely reflecting trends.

Now, of course, when men and women can wear pretty much what they want, every item of clothing can be scrutinised (and probably is) for what it says about the wearer. No wonder it makes otherwise respectable people

'He owns three times as many clothes as I do'

panic. Men are newcomers here. Women have always, whether voluntarily or reluctantly, been required to look as if they've bothered, but men have traditionally wanted to look as if they've somehow acquired their clothes by accident and hardly noticed what they wore.

But now there's no stopping them (the proliferation of men's fashion titles, the whole burgeoning genre of the men's glossy, for God's sake, says something) and there isn't a red-blooded, pin-striped male who doesn't have a sartorial take on life which he is happy to share with the rest of us. If I say 'nice tie' to a man I might be sitting next to at dinner, he no longer thanks me but moves on. He thanks me, agrees, tells me where he got it and then moves on — to his suit.

I rather like the coming out of the male dandy. After all, one of the things women have always known about men is that they do worry about what they look like, and they do spend rather longer getting dressed than we do. I can get washed, brushed, made-up and clothed in about 15 minutes. I have never met a man so rigorous about his toilette. Or certainly not a man under 45. I own there is a general cut-off point.

Perhaps I am unduly biased here, married as I am to a man whose wardrobe is about three times as extensive as mine and

whose annual spending on clothes is even more than that. It occurs to me that, for the last four parties we have been to, he has worn a different outfit each time and I have worn the same thing.

I am not pretending a lofty superiority about any of this. I do not claim to be above worrying about what I look like, but I deal with the matter in a rather different way. In common with a great number of women, I have my uniform (short skirt, high boots, long top — since you ask). Women have to find a uniform and stick to it, because we can never be sure that the prevailing fashion will suit us. Men know that, give or take, they will be required to wear trousers, shirt and jacket of some description, but the physique they are to cover is not expected to change with the seasons. Women's clothes are more cruelly demanding: and so we have to find a way of confronting this. It's also a way of not worrying about what to wear. And the fear, once routinely expressed, that it would be social death to be seen in the same dress twice is now redundant. Because actually, people don't notice one of the great benefits of the new narcissism.

Now that appearance is on the agenda, we are so taken up with our own that we are obligingly insouciant about other people's. No dress code, maybe, but certainly no crisis.



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Alan Coren on why he can never buy a thing

Since I know my readership to be as caring as it is observant, I feel sure you were deeply concerned as to why, in all the charming snaps of yesterday's Harrods book-signing session, there was not one single shot of the Duchess of York's radiant, and celebrated, feet. Well, I have taken up the matter on your behalf and it appears that, on the best medical advice, her ankles were shackled to the table-leg. For had she got loose in the giant store for even a couple of minutes, the sole object of the exercise would have been defeated utterly: instead of signing her way out of debt, the poor soul would have signed herself far deeper into it. Any royalties (if she will pardon the expression) that her autograph managed to accumulate would have been derisory when set against what that same nib could have got up to on a stack of credit-card slips, as bracket clocks, train sets, three-piece suites, onyx chessmen, top hats, boiled lobsters, slide trombones, electric whirlpools, dinner jackets, gazebo kits, cricket stumps, mantel mirrors, pedal bins, mountain bikes, fancy mice and all the rest piled up at customer collection points.

Because as she has so poignantly revealed, the Duchess suffers from what she has identified as a serious disease. An epidemiologist of considerable, albeit amateur, standing, she has concluded, after years of research, that it's a bit like bulimia, but with more designer labels. Its symptoms are unmistakable. If you catch it, you cannot stop shopping. You buy anything. You buy everything. You go broke.

And even as my heart goes out to her today, my gratitude goes too. For in bringing into the open a disease which hitherto had dared not speak its name but which now enters the medical canon as High Shopping Pressure, she has enabled me, at last, to see that what I had always believed to be some kind of character deficiency in myself was in fact the symptom of a major illness which is clearly the obverse of her own. Unable to shop, incapable of buying anything, I now realise that

Shop till you drop, or else just don't start



what I suffer from is Low Shopping Pressure.

Here I am in Harrods.

I have come to buy ties. I have ties at home, bought by other people, but they have grown variously wrinkled, frayed or eggy, and I have been urged to buy new ones. I stand in front of a hundred assorted spots and stripes for half an hour. I pull some out. I knot some on my finger. I take some to the mirror. Then I put them all back, and think: what I really need is socks. I look at a lot of socks. They do not seem very different from the socks I have at home.

After I have picked up a hundred shirts and put them down again, I try on trousers. I keep coming out of the changing room and staring at legs I do not know. As I pull my own trousers back

on for the last time, my wallet falls out. I notice how battered it is. I spend half an hour in the wallet department. I know it has been half an hour because I look at my watch. It is not much of a watch. It is less much than my wallet is.

Luckily, the watch department is near by. It is full of great watches. After a while, however, they do not seem to tell the time any better than mine. Perhaps all mine needs is a new strap. I examine a lot of straps, until it occurs to me that a new strap might make my old watch look even older. Unlike a gold Dunhill cigarette lighter — provided, of course, that I held it in the hand my old watch wasn't on the wrist.

I have always fancied a gold Dunhill cigarette lighter. I now look at so many of them that I lose track of why I always fancied one. But having driven all the way to Knightsbridge and found a parking space where, thanks to how time flies when you are unable to buy anything, I will now find a £30 ticket, it seems a pity not to get a hat, and brown brogues to go with it; but once it transpires that my illness prevents me from buying the it for them to go with, I find myself walking about in a sequence of silk dressing-gowns which I have always fancied would be just the thing to pull a gold Dunhill out of the pocket of. But not, all things considered, a tin Zippo.

Wouldn't it be better to buy a new tennis-racket? I have heard about these revolutionary big rackets, they can improve your game no end. Oh look, I am walking into the sports department, it has 38 revolutionary big rackets. I am practising my backhand on each of them, oh look, I am walking out of the sports department, how can I know which big new racket will most improve my game no end, and what's wrong with my old little racket, anyway?

What I ought to do is pop across to the book department. The Duchess might still be there. She could buy me things, if I could get her shackles off. Even if I couldn't, she might be able to recommend a good doctor.

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Good politics, perhaps; good economics, no

By Tim Congdon

Almost alone in Europe, Britain is enjoying a vigorous upturn in economic activity. In the last few months consumer spending has been growing at an annual rate of about 4 per cent, and companies are becoming more optimistic. In the Budget Speech, the Chancellor forecast that growth of national output would reach 3½ per cent next year, well above the long-run trend.

The main cause of the return to better economic conditions is an acceleration in monetary growth. In the 3½ years to the end of 1994, the money supply (measured by the broad measure M4, including bank and building society deposits) grew at an annual rate of about 5 per cent. Since then it has been increasing by about 10 per cent a year.

As in previous episodes of this kind, the faster rate of monetary expansion is having its earliest effects in the financial sector. Financial institutions find that their holdings of cash are much higher than they expected, and are trying to rid themselves of the excess money by buying assets such as shares and property. But for the system as a whole these efforts are self-defeating: for one institution's purchase of equities is another institution's sale. Excess liquidity is driving a strong rise in share prices. It is no coincidence that the stock market is at almost its highest ever levels.

The climb in share prices has made the rich feel better off. The price of large houses, particularly in central London, are rising sharply, but this spills out into the rest of the housing market as people buy and sell. People are feeling wealthier and are spending more. This pattern is similar to that found in the early phases of the booms of 1972 and 1973, and of the late 1980s.

So the essential thing for the Chancellor yesterday was to dampen down monetary growth. In fact, there is almost nothing in the Budget speech itself, or in the accompanying documents, about the need for a big shift in monetary policy. Admittedly there was a valid recognition that the buoyancy of the economy argued against large tax cuts. This is fine as far as it goes, but it does not go far enough. If the Chancellor were trying to manage the economy by fiscal means, taxes should have been cut but raised. Yet any politically feasible change in the tax level would have been trifling, relative to the power of the monetary forces now at work.

The overall effect of the Budget measures is quantified as net "giveaway" of £735 million. When allowance is made for tax increases of £1,085 million announced in previous Budgets and taking effect only now, the impact is slightly to withdraw spending power from the economy. Mr Clarke could even boast that with remarkable political bravery he has organised a deflationary fiscal stance only six months from an election.

But this overlooks what is happening to credit and the money supply. Every month banks and building societies are extending billions of pounds of new credit. In the six months to October the average monthly figure was more than £2 billion. Against this background, it is a little puzzling that commentators should make such a fuss about whether the net effect of the Budget measures should be zero rather than plus or minus two or four billion. The fiscal go-kart is overwhelmed by the monetary steamroller.

The Chancellor's most urgent task is to reduce monetary growth. A 10 per cent annual growth of the quantity of money can, for a few quarters, be reconciled with a bubbling stock market, rising house prices, buoyant economic activity and low inflation. It may also lead to a politically welcome return of the "feel-good" factor. But in the long run it is fantasy to imagine that current monetary trends are consistent with the Government's target for retail price inflation of 2½ per cent.

Mr Clarke probably knows this. But he also knows that — such is the lack of interest in the complexities of monetary policy — he can conceal his monetary laxity by the apparent rigour of fiscal policy. Indeed, in the Budget Speech his references to monetary growth were so perfunctory as to invite the charge of disingenuousness.

He claimed that "any risk to this recovery from inflationary pressures re-emerging" remains "a good way off", and that he "would stay ahead of the game on monetary policy", finishing with the references to the steadiness of Eddie and the canniness of Ken. But the self-applause cannot hide the highest rates of monetary growth since the Lawson boom and unsustainably rapid growth in domestic demand. To talk about the economy's prospects in 1997 without recognising the importance of monetary policy is Hamlet without the Prince. But a better reference would be to Hamlet without the ghost. Nearly all the stop-go and boom-bust cycles in the post-war period have begun under Tory governments, with excessive growth of the money supply, usually before an election. The spectre of all those unsuccessful Tory Chancellors (Maudling, Barber, Lawson) ought to haunt Mr Clarke tonight.

The author is one of the Chancellor's independent advisers.

Peter Riddell says the Chancellor's pre-election sins have been modest by past standards

Bravura Budget, but not as virtuous as it looks

Mr Clarke has made some optimistic assumptions. He offered the rosy prospect — of the economy growing by 3 per cent or more over the next few years at the same time as inflation falls to the official target of 2½ per cent or less. That would be a milestone in postwar British economic history. Business certainly reports that inflationary pressures are lower than would previously have been expected at this stage of an economic upturn. But the Bank of England is not alone in believing that further rises in interest rates will be necessary to contain inflation.

The expectation of continued rapid growth fuelled by a consumer boom is central to Mr Clarke's forecast of a decline in public borrowing. He said yesterday that it would be £4 billion less in 1997-98 than expected in the summer's economic forecasts. This is what has allowed him to say that Britain's Budget deficit will next year be within the Maastricht targets to qualify for a European single currency, and will at last be in balance by the end of the century.

Mr Clarke clearly enjoyed pointing out the possibility that we could still enter the single currency, even though he well knows that no Conservative Chancellor is likely to announce that decision in the foreseeable future.

Public borrowing has been slow to decline over the past couple of years because of a big shortfall in tax receipts. The Treasury believes this problem has been cracked — both because the consumer boom is pushing up tax revenue, and because of what is called a "spend to save" package intended to crack down on tax evasion of all kinds and on social security fraud. This is all, of course, desirable, but the Treasury may be premature and overoptimistic in assuming that this programme "to stop scroungers and cheats" will bring in nearly £7 billion over the next three years. Such waste and fraud are notoriously difficult to eliminate. That makes a big difference to all the forecasts.

The spending plans are not quite what they seem either. Mr Clarke has defied the doubters and held down spending in real terms more successfully than many of us expected over the past two years. But he expects even tighter restraint over the next three years. This assumes a very tight squeeze on public sector pay, and

also assumes that falls in public sector capital spending will be offset by the raising of money from the private sector, through the Private Finance Initiative. Moreover, the detailed spending proposals have a pre-election gloss. Stephen Dorrell can taunt Labour by proclaiming a big rise in spending on patient care in real terms next year, but the Red Book projects that NHS spending will be at best unchanged in real terms in later years. That is implausible, so any post-election Chancellor will have to find money to fund the real terms rise which the Tories have promised and which is necessary to maintain standards. There are similar blue smoke and mirrors at work in education.

The tax picture too is patchier than Mr Clarke pretends. His balance of measures, combining a rise in allowances with the symbolic 1p cut in the basic rate of income tax and even a few gestures in a "green" direction, was shrewdly judged. And Mr Clarke has taken sensible measures to safeguard the tax base. That is all to the good, but it makes little overall difference to the amount of tax we will pay next year, especially when likely big increases in council tax are taken into account. The total tax

burden, taxation's share in the overall economy, is forecast to rise next year and for the rest of the century, despite the small cuts in income tax.

Labour was last night pointing to the 22 tax rises announced by the Tories since 1992. The election odds remain unchanged. Nonetheless, it was carefully crafted to win former Tory supporters, after discussions not just in the Treasury but also in focus groups of key target voters. It is a voter-friendly package, as Labour believes its promise of a 10p starting rate and a cut in VAT on fuel is too. Tory strategists believe what matters electorally is which party is more credible in promising future tax cuts. The truth is that neither party can honestly promise real tax cuts.

The true message of Mr Clarke's Budget is about tight limits on the freedom of manoeuvre left by any Chancellor, even when the economy is doing as well as it is now. It is a real achievement to get public spending back down to 40 per cent of national income and to limit the rise in the tax burden. There is no scope for any relaxation. Any post-election Chancellor will almost certainly have to tighten fiscal policy further. No wonder Gordon Brown is so keen to stop his Shadow Cabinet colleagues making spending commitments.

Nonetheless, Mr Clarke deserves at least one and a half cheers. His pre-election sins have been modest by past standards. He has been overoptimistic, but he has not been irresponsible. After all, he does not want to make it harder for a Labour government to enter a European single currency.

Climax to an exchequered career

Europe is the only reason why Clarke is not the Tory heir apparent — but he insults the sceptics with relish

Surely we can lay the Great British Budget in its grave. Theatres used to be pleased to plead with critics not to give away the endings of whodunnits. The Treasury behaves likewise. Budgets were once surrounded with such secrecy and suspense that Treasury staff went into "purdah" for weeks beforehand. MPs put on top hats. Sterling held its breath. Lobby journalists behaved like acolytes at the Temple of Olympian Zeus. Revel so much as a parrot from a Budget speech beforehand and markets crashed, the Empire tottered and ministers were struck dead on the spot.

These days Budgets are so boring that when the *Daily Mirror* gets an advance copy it has the ghosts of its Fleet Street forebears turning in their graves. It actually hands it back to Downing Street bumbling that even without an injunction it would not want to cause turbulence in the financial markets. Besides, the penny off income tax was old news. These days, the Budget details, mostly variants on a theme of indexation, are so pre-spun by a myriad manipulators as to be tedious. As for the Treasury injunction, given the doctored leaks that ministers give morning radio every day in defiance of Commons protocol, the least Whitehall might do is honour an honest-to-goodness scoop with a dignified silence.

Modern Budgets rarely cause upheaval in a nation's economy or the income of its citizens. Economic fine-tuning is a continuous process. The Budget may put a few pounds on incomes here, take a few pounds off there, but interest rate changes do that every month, as do building societies and pension companies. Budgets raise or lower the price of some products, but so do producers. Budgets make forecasts, but they are no more accurate than private sector forecasts. Every Chancellor complains bitterly in his memoirs that Budget forecasts are next to worthless. Denis Healey railed against them, as did Nigel Lawson. Like the rest of the performance, they are ritual.

The formal Budget debate is unreal. The true debate has been tearing Downing Street and the press apart all summer and autumn. Nobody who holds down taxes. Both want to appear as responsible custodians of the economy. Both agree on the rough balance of public and private expenditure. A modern Budget honours Walter Bagehot's principle that government is most excellent when it is most dull. Yesterday's Budget could as well have been read out by Mr Brown.

One minor mystery remains unsolved. This was clearly yet another polished performance by the man once portrayed as the prime minister in waiting.

The strange "Affair of the Chancellor's Career" is an enigma that would test the ingenuity of a Conan Doyle. Cartoonists used to draw Kenneth Clarke as a giant with his feet up on the desk waiting for John Major to fall through a trapdoor.

He was more than the hot tip for the succession. Political punters were taking bets every year on "Clarke by Christmas".

Suddenly he stumbled. Lesser souls such as Michael Portillo, John Redwood, Malcolm Rifkind, Gillian Shephard and Stephen Dorrell were at his shoulder. Mr Clarke still dominates every parliamentary occasion, as he did Monday's ridiculous Euro-row — with Michael Heseltine, he remains a Cabinet heavyweight — but what happened? Mr Clarke is said to have put too many bullets in his foot over the question of

Simon Jenkins



European monetary union. For potential Tory leaders, this is a topic of Trollopean subtlety. Each is expected to have a view that combines total conviction with absolute ambiguity. Above all he must not gratuitously insult the Eurosceptics, whose strength in the party is out of proportion to that in the country.

Mr Clarke not only insults them, but does so with gusto. He regards sceptics not as patriots to whose concern over Brussels intervention he is naturally attentive. He regards them as barking mad. It is as if Mr Clarke were determined to enter that Valhalla of senior Tories, where lie "the best leaders the party never had". Yesterday he merely deepened the mystery.

For all this, we did have a glimpse of a more important budget. In a world less obsessed with political glamour, neither

Mr Clarke nor his speech would have held centre stage this week. That role would have gone to an announcement that should have reduced the Budget to a footnote in the financial pages. The announcement will affect the living and working conditions of Britons for years to come. The announcement was central to the economic use of the nation's scarce resources. Yet it has no parliamentary sex appeal. No minister's reputation hangs on it. No opposition frontbencher will make his name opposing it. The story rated barely a column in most newspapers.

I refer to John Gummer's "reallocation" of land for development across the length and breadth of England. The announcement reflects a bone-crunching confrontation between local democracy and central planning. I believe the

resolution of this true budget will come to dominate British politics in the next decade, far more than marginal shifts in income distribution. It is the politics of "new citizenship" proclaimed by the American Michael Sandel, the politics of Labour's communarians and of social markets, properly so-called.

The Environment Department is one of the last redoubts of socialist planning in Whitehall. It still adds up the amount of development "needed" in each area, as if the railway, the commuter, the motorway and the second home had never been invented — and as if Adam Smith had never described the operation of prices. Thus Hampshire allegedly "needs" 160,000 more homes, and Cambridgeshire 120,000. This approach has over the past quarter-century filled Bedfordshire and Buckinghamshire with suburbs, covered Devon in caravan sites and depopulated Britain's inner cities.

Any economist knows that need for land is a function of price, determined within a framework of land-use planning. What was significant yesterday was the evidence that the Government is at least ready to robustly plan. Mr Gummer wants to see derelict and already developed land used for the bulk of new settlement, to protect the countryside from sprawl and from the traffic that disperses generates.

Every opinion poll puts the English countryside, its woods, fields and hills, as top of the public's appreciation of the British way of life. The job of government is to translate this aspiration into a framework of control, and then leave prices to sort out the consequences. The past two decades have seen more of the English landscape covered in houses and shops than at any time since the 1930s, largely through the careless policies of past governments. Mr Gummer is still prepared to see 40 per cent of what he oddly calls the "need for houses" satisfied from rural land. Given what has been lost in recent years, the target should be zero. But he has shifted the emphasis for future population growth back to the cities.

This is what I call a budget. It reflects a real debate over the allocation of the scarcest national resource in the long term. This is a subject that packs meetings, fills the columns of local newspapers and fires young people with campaigning zeal. Mr Gummer's decision will affect the lives of citizens for years, not just weeks, ahead. Yet we hardly noticed it amid the pomp and ceremony yesterday. Instead we screamed and roared about a predictable leak of a predictable speech of a predictable accountant's report. One day we shall have a real Budget again. Then it might be worth leaking.

Green man

JEREMY CORBYN, the far-left Labour MP for Islington North and befriend of Gerry Adams, yesterday pulled out of a speaking engagement with Bernadette McAliskey, the former Irish nationalist MP.

The morning's newspapers had reported that Bernadette's daughter Roisin was facing extradition on charges connected to an IRA mortar attack on the British Army



In the television series *The Man From U.N.C.L.E.*, was hit by a taxi outside the Regency Hotel in New York the other night. Luckily, his days as an action hero paid off. As the car hit him, he jumped, hit the windscreen and bounced off. The taxi fled the scene, leaving McCullum with only a fractured finger and bruise. With a brush of his lapel and a smoothing of his fringe, he said: "I learnt to roll off the bonnets of cars while I was in U.N.C.L.E."

Streamers

PETER SCROPE, a member of one of the oldest Roman Catholic families in Britain and the Conservative candidate for Darlington, a key marginal, has had his profile inadvertently raised by his local Labour council. It recently organised a die-in pageant, for which long banners were hung from all the lamposts in blue and gold. "They all showed the Scrope shield," says the delighted Tory.

Visitors to Cambridge might like to avert their eyes. Local police are growing concerned for the safety of a man who regularly parades nude on the central reservation of the M11, near Junction 12. He is often wearing a hat or a pair of underpants on his head.

Prime whiff

NORMA MAJOR was on parade at the American Ambassador's residence in Regent's Park yesterday lunchtime for the Glamour America fashion show and lunch. The guest of Shirley Crowe, the Ambassador's wife, she came away with one of the raffle prizes. She won a bottle of DK men's cologne which she said was her son's sort of thing than her husband's.

Sadly missing from the fashion parade were the professional blonde Tanja Bryer and professional model Honor Fraser. In their place was the amateur Lady Victoria Hervey, 19, half-sister of the Marquess of Bristol and heiress to our friends, the Fulham 11s. Her model's skin still has a lot of the country yomp about it. Given a programme of charity events I don't doubt she will improve.



The fictional Mrs Doyle and the real Pauline McLynn

nominated for Saturday's Comedy Awards. Though she plays a bony old woman of senior years, when she appears at the awards she will look more as she does in my picture, taken at her house in Stockwell, south London.

The good thing is that nobody ever recognises me, unlike the other actors in the show," she says in her soft Irish tones. "The bad thing is getting pounced on as a mad old woman. I'll enjoy dressing up, though, and showing off the real, glamorous me."

P.H.S



"Don't worry Moses, they've been leaked"

Deep throat

DURING these recent chaotic days, Kenneth Clarke has been deploying the most peculiar of his many debuting tricks: the gurgling laugh. Under pressure on Monday in the chamber, he used it to fight off barbs during a tense session in the Commons on Europe.

It's an administrative cock-up," said his secretary unconvincingly. "He's double-booked to appear elsewhere."



McCallum: rolled off with great aplomb

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FORWARD DEFENCE

Clarke can hardly be accused of electioneering

For the second day in a row, Kenneth Clarke has extricated himself from a tight spot. The Chancellor of the Exchequer delivered a solid Budget speech that had a little for everyone without taking risks with the economy. Having successfully reduced expectations of tax cuts, he managed to turn a modest Budget into a package popular to all — with only a little of his well-known wit.

It is easy to forget that, earlier in the electoral cycle, there were great expectations for this Budget. After several years of fiscal austerity, the last Budget before the election was going to be triumphant. It would gratify voters with large tax cuts which the Tories could then challenge Labour to reverse. These would represent the clearest, bluest water that a Conservative could find. The best escape from such an attack has been exercising Labour minds for some time.

Higher than expected public borrowing has stayed the Chancellor's hand. It has become increasingly apparent over the past year that his room for manoeuvre would be constrained by the size of the deficit. He could have ignored this problem and gone for a nakedly political Budget. But punishment would have been wreaked by the markets. So he has taken the sensible political decision that low interest rates are more important than tax cuts.

This is also the best decision for the economy. As we have repeatedly argued, a country with a strong currency and inflationary pressures needs stricter fiscal not monetary policy. Using the weapon of higher interest rates would cause sterling to rise further, making industry less competitive. By tightening the fiscal stance by some £1.7 billion, Mr Clarke has done his best to stave off the need for higher interest rates this side of an election.

Within these constraints, this pre-election Budget was suitably populist in its detail.

Those at the top and bottom of the income scale will be disproportionately better off from tax cuts, thus pleasing rich Tory voters while assuaging their social consciences. The increase in the inheritance tax threshold will also appeal to wavering Conservatives, while there will be widespread support for the rise in the married couple's allowance and the reduction in benefit for new lone parents. The Budget nods towards the environment with incentives for cleaner air; and it bids for Labour territory on education, and health and the social security safety net.

Its relative austerity, however, is based upon some bold assumptions about the future direction of inflation. To forecast growth rising by an extra point and inflation falling by half a point next year presupposes a virtuous combination that most Chancellors struggle to achieve. Much of the lower public spending that is needed to bring the deficit down arises from this assumption of falling inflation.

Between now and the election, then, Labour will be greatly relieved. Tony Blair's performance yesterday was as good as Mr Clarke's. He should have little problem persuading his party to abstain on Finance Bill votes; had they voted against tax cuts, the Tories could have made hay.

But in the longer term, this defensive Budget may present a trap for Labour. Should Mr Blair win office next spring, his government would be faced with public spending targets that could prove extremely difficult to meet. If inflation is higher than the forecast 2.5 per cent, public spending will automatically overrun. And while spending in areas such as health and education has been given a boost by Mr Clarke now, that is at the expense of future years, in which a real terms cut has been planned. Whichever party wins the election, the Chancellor will have left an awkward legacy.

BLOCKADE ON THE ROAD TO EMU

The lorry drivers' strike has wider implications

To those observing the French Government's attempts to squeeze an already depressed economy into shape for European economic and monetary union, the massive public support for the striking lorry drivers points to trouble ahead. The blockade is paralysing France, yet the drivers are being cheered on by four-fifths of the population, including professionals and civil servants as well as union members.

This is hardly because the drivers are any more typical of French workers than the miners were of British industrial relations in the mid-Eighties. Much of French industry has been drastically liberalised and is now highly dynamic; overall union membership is lower than it is in Britain. Nor is it because the lorry drivers' demands, for more pay for less work and retirement on full pension at 55, are reasonable in themselves. It is because their militancy has come to symbolise a multiplicity of different grievances — about cuts in public spending and treasured social entitlements, about the heavy social toll of high unemployment and about unaccustomed financial insecurity.

The country has had enough of austerity; and the more that President Chirac and Alain Juppé, his unpopular Prime Minister, insist that their policies would be necessary even if EMU were not in prospect, the less they are believed. Because they have not carried the country with them, every slowdown weakens them further. Last year, M Juppé vowed to stand firm in the face of crippling public sector strikes and demonstrations, only to retreat until there was only a tattered flutter left of the austerity

programme he had first announced. This year, the Government deliberately deferred most of the budgetary pain until next year, but that has not stilled the national discontent. It looks as though he will be obliged to retreat again — this time, at heavy cost to the haulage industry.

Why is the French Government peculiarly vulnerable? Others have also had to make painful adjustments, and have done so. In Britain, the curbing of union power and reforms in social security have been bitterly contested; but they have gone through nonetheless. In The Netherlands, a far more generous social network had to be cut back far more drastically. More recently, in Sweden the Social Democrats have dismantled the main planks of the Swedish model in order to restore budget discipline. Even Spain is now soberly facing up to its economic difficulties.

Part of the answer may lie in public cynicism about the political establishment, the legacy of more than a decade of manipulative politics under President Mitterrand. Part of it is attributable to M Juppé's personal aloofness. But above all, people have come to suspect that EMU, far from promising a relaxation of austerity, will mean more of the same. The link with EMU is rapidly becoming a political liability. The issue may be fudged for a while and the strikers paid. But sooner or later the market will put their money where the public's mouth is. The longer M Chirac insists on treating EMU in 1999 as France's date with destiny, the harder he will find it to restore his Government's credibility.

THE LATIN REVIVAL

Where Romans lead, may Britons follow

Luigi Berlinguer, the Italian Education Minister, is a leading ex-Communist who, like most of his former comrades and many of their sympathisers in the British educational establishment, has encouraged the decline of the "elitist" Classics. On the peninsula where Latin was born, it was dropped in the 1960s for children between 11 and 14. Since May, classical history has also been relegated to the sidelines in Italian classrooms; ancient Rome has been compressed into a brief "introduction" to the 20th century.

But now, as our Rome correspondent reports today, there is a campaign to bring Latin back. It is led not just by Classics professors, who the cynics might say had a vested interest, but by a Milan architect and by Latin enthusiasts in all walks of life. Italian children, who live with the tangible evidence of the Roman genius all around them, may soon get a chance once more to understand the glories of their past. We hope that more British children will soon be joining them.

Latin is not, however, as straightforward an issue in Italy as it is here. It is not just a weapon in the battle for educational standards. Despite its prominence in the medieval world, and even more in the Renaissance, by the time of Italian unification in 1860, it was associated almost wholly with two groups, the Roman Catholic Church, which used it in the liturgy, and the Italian elite. Cavour and other leaders of the Risorgimento knew Latin well, but also associated it with the obscurantist papal states they had overthrown in their struggle to form modern Italy. For them, Italian was

the language of the people, and a key instrument of unification.

Latin remained an elite tool of knowledge until the 1920s, when Giovanni Gentile, the philosopher and first Fascist Education Minister, introduced it into secondary schools. Alas for Latin, Italians — even those old enough to have benefited from the Gentile reforms — are clearly still embarrassed by the distorted and selective Fascist use of the symbolism of Ancient Rome. For Mussolini, Latin was a reminder to the masses that his imperialist ambitions were an echo of Rome's greatness. Rome is still littered with fake Roman inscriptions on buildings of the Fascist era. Postwar teachers were enthusiastic to drop Latin from the syllabus. The Catholic Church abandoned Latin in the liturgy at about the same time.

Italy's new left-wing Government is being urged to put this recent past behind it: it should heed those attempting to revive the classical past. Today's Italian youngsters feel nothing of the alleged links between Latin and Il Duce. They deserve to become familiar once again with the joys of a language and literature that formed their culture and much of our own culture too. Latin may be hardly used in the Church nowadays, or even inside the Vatican; but that frees it all the more as the secular language of Ovid and Juvenal.

For too long the Second World War and the Mussolini years have been suppressed by Italians who would rather forget them. But this should not be at the expense of the Classics. If the campaign succeeds, it should encourage campaigners here too.

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Avoiding traps on monetary union

From Mr Bernard Connolly

Sir, Kenneth Clarke's statement to the House of Commons on proposed European legislation on the so-called stability pact for economic and monetary union "ins" and a new exchange-rate mechanism and convergence programme for "outs" (reports, November 26) is deeply wrong.

On the new ERM, the Commission stresses what it claims to see as the need for a system to protect the single market ... [and] demonstrate monetary solidarity within the Union" (COM(96)98). This need, as perceived by the Commission, must have implications for the exchange-rate policies of all "outs", including the United Kingdom.

Even if the new ERM is initially voluntary, political agreement by finance ministers on a need for it will imply British acceptance of an obligation to preserve "monetary solidarity". That means advancing the interests of Germany and its monetary satellites and of France.

The reinforced convergence procedures to be imposed under the legislation envisaged will extend the obligations of a new ERM to Britain. The obligatory convergence programmes must include a section on "prospects" for the exchange rate and long-term interest rates. Since no government is foolish enough to make public forecasts of these variables, prospects must be translated as targets.

At a conference in Brussels two weeks ago the head of the international monetary department of the French Finance Ministry, commenting on the proposals, stated: "We have to find a way of implementing Article 109m" (which imposes on Britain an obligation to treat its exchange rate as "a matter of common interest").

The convergence programmes, although rooted in the Maastricht treaty, impose additional legal obligations that go far beyond the provision of information spoken of by Mr Clarke. Most seriously, by insisting that governments must declare and stick to budget programmes for years ahead, they infringe the spirit of the underlying British principle that no Parliament can bind its successors.

Enacting this legislation will open the floodgates to further and even more objectionable European interference, via Article 103S of the treaty, in British economic and monetary policy outside the ERM. Mr Clarke tells us he would not accept anything that limited Britain's freedom of action. But as he should know, qualified majority voting applies under Article 103S: Britain cannot block it.

More fundamentally, Mr Clarke's expressed support for the principle of the stability pact is evidence of his opposition to government policy on Europe. Germany's insistence on a pact reflects that country's deep and justified mistrust of certain of its potential partners in monetary union. But the imposition of a stability pact would produce economic and political chaos on the Continent, something the British Government rightly says it wants to avoid.

The Government's ideal of a partnership of co-operating, independent nations in an economically and politically stable Europe can be achieved only if monetary union is abandoned. Mr Clarke should make other countries see that by blocking the stability pact, instead, he commands it because it seems that he wants a monetary union, and one with Britain suffering in it.

Yours faithfully,
BERNARD CONNOLLY
(Head, EC Commission unit for EMS, National and Community Monetary Policies, 1989-96).
Vinkenlaan 32,
3078 Everberg, Belgium.
November 26.

From Mr Mark Bone

Sir, We have been bequeathed a parliamentary system by which we elect a House of Commons which enacts legislation. Just as importantly, the Commons has the power to repeal laws and we in turn have the power through the ballot box to elect a different government espousing different policies.

More and more laws and directives are emerging from the European machine and the drive towards a federal Europe is now quite transparent. With the word "irrevocable" ever more frequently appearing in the debate, we should all recognise that there is no mechanism whereby we can change, through the ballot box, any current policies or indeed any future policies of the Commission or the bureaucracy in Brussels.

Yours faithfully,
MARK BONE,
70 Cole Park Road,
Twickenham, Middlesex.

From Mr Charles Wide, QC

Sir, Professor Dashwood's "48-hour rule: why Europe is right" letter (November 19) is right about the European Court's judgment. Mr Iain Duncan Smith, MP ("Why our opt-out did not work", article, November 13), is not.

This is what is so worrying about the dominance of European law. So much power has been given away by British MPs who did not realise what they were doing and still do not fully appreciate what they have done.

Yours faithfully,
CHARLES WIDE,

Church Cottage, Main Street,

Glapthorn, Cambridgeshire.

November 20.

LETTERS TO THE EDITOR

1 Pennington Street, London E1 9XN Telephone 0171-782 5000

Avoiding traps on monetary union

From Mr Alister J. Rutherford and Mr Jonathan D. Skeels

Sir, What a pity the Department of Health and the Medicines Control Agency have not been more bold in protecting the public against accidental overdose of paracetamol and other analgesics (report, November 25). Even when packed in smaller boxes there will be no check whatsoever in non-pharmacy outlets against multiple purchases of the same ingredient. Many preparations contain paracetamol as an ingredient but are marketed for different purposes.

The supermarket checkout or village newsagent will never be able to counsel on the proper use of medicines. A more radical but effective step would be to restrict the sales of medicines to pharmacists. Across the Channel paracetamol poisoning is almost unheard of. The French restrict almost all medicine sales to pharmacists, as well as having a culture which treats medicines with respect.

Those who have applauded Asda's campaign for making medicines just another commodity to be sold anywhere and only on the basis of price should reflect carefully.

Yours sincerely,

T.C. DANN,
37 Balsall Street East,
Balsall Common, West Midlands.

November 23.

From Mr Colin Armitage

Sir, Surely the simple answer is to incorporate the antidote in the paracetamol tablet. Such tablets are already available, albeit slightly more expensive than plain paracetamol.

If the Government were to insist that all paracetamol sold in this country should include the antidote, death (both deliberate and accidental) from paracetamol poisoning would be almost impossible.

I have the honour, Sir, to remain your obedient servant,
COLIN ARMITAGE,
26 Leicester Street,
Southport, Merseyside.

November 24.

From Dr T. C. Dann

Sir, It is 30 years since I wrote to the British Medical Journal on the fashion which was then starting for decrying the use of aspirin in children. Paracetamol was the drug recommended

Safety measures on paracetamol

Instead, I made a plea for retaining aspirin, and I should like to recommend its use again now following the belated recognition that paracetamol in overdose is a dangerous and often lethal drug.

Aspirin is a more versatile drug than paracetamol: it is considerably cheaper and has the advantage that if taken in overdose with suicidal intention it may well fail, since if too much is taken it causes vomiting, which means that the overdose is thrown up and not absorbed.

Putting paracetamol in smaller packages and including more warning leaflets will be of little practical use in reducing cases of overdose. Aspirin may have side effects (and no effective drug hasn't), but in general it is a better drug than paracetamol and its use should be restored for the general public, except in individual cases who have been warned against it by their doctor.

Yours sincerely,
T.C. DANN,
37 Balsall Street East,
Balsall Common, West Midlands.

November 23.

Who wants to be a church gargoyle?

From Miss Liz Mahoney

Sir, Although the Chancellor of the Diocese of Peterborough has found "no legal, aesthetic or other reason" why living churchmen should not be depicted as gargoyles (report, November 19) it is a great pity that the matter was taken as far as the church courts.

One might have expected members of the Church to concentrate their energies on the fact that more members of the public can identify the McDonald's logo than the Cross (report, later editions, October 24).

The financial plight of the Church is often mentioned in the press. But can the public be expected to take this problem seriously when senior members of the Church authorities are attempting to resolve a dispute over gargoyles?

Yours sincerely,
LIZ MAHONEY,
Aberdare Hall,
Corbett Road, Cardiff.
November 20.

From Mr Andrew Anderson

Sir, As one who has gazed down, in stone, from high up on the walls of St Albans Cathedral for the last 15 years, I naturally take a personal interest in the two gargoyles to be installed in St Peter's Church, Oundle. But I also regard the dispute over their installation as the latest sign of alarm bells which are sounding nationwide about a wider issue: our apparent inability to do or support anything in churches, small and great, anonymously.

In the Middle Ages you only got a mention inside a church if you left money for people to pray for your soul, or if you were a mason or glazier who could find a remote spot where your name wouldn't be discovered; but today no one, it seems, is willing to give a penny without a brass plate on the wall or a pane in a window in return. At the present rate it will not be long before the historic church buildings of England are plastered with what can only be described as refined, officially approved graffiti.

The most worrying development, however, is the suggestion I have heard that the lottery is insisting that plaques are placed in prominent positions to commemorate its grants. Do we really want to be reminded during our prayers that the organ, or the coffee bar in the north aisle, or some other essential feature of our worship owes its survival to the proceeds of gambling? Some things are best left unsaid.

Yours faithfully,
ANDREW ANDERSON
(Surveyor to St Albans Cathedral),
1 The Close,
Norwich, Norfolk.
November 19.

Jam tomorrow

From Mr J. C. L. Sharp

Sir, The simple answer to Ms Jill Leyland's letter (November 20), who asked who will be driving all the vehicles expected by the year 2025, is two-to-three-car families (or households). Their number is increasing exponentially, to judge by the cars parked outside suburban houses.



COURT CIRCULAR

BUCKINGHAM PALACE

November 26: The Queen held an Investiture at Buckingham Palace this morning.

The Earl of Airlie KT (Lord Chamberlain) had an audience of Her Majesty and presented an Address from the House of Lords to which the Queen was graciously pleased to make reply.

The Governor of South Australia was received by Her Majesty.

The Rt Hon John Major MP (Prime Minister and First Lord of the Treasury) has an audience of the Queen this evening.

The Duke of Edinburgh, Founder and Chairman of the International Trustees, The Duke of Edinburgh's Award International Association, this morning chaired a meeting of the International Trustees and afterwards gave a Luncheon at Buckingham Palace.

His Royal Highness, Patron and Trustee, The Duke of Edinburgh's Award, this evening gave a Reception at Buckingham Palace.

The Duke of Edinburgh, Patron and Trustee, later attended The Duke of Edinburgh's Award Charter for Business Dinner at St James's Palace.

By Command of The Queen Vice-Admiral Sir James Weatherall (Marshal of the Diplomatic Corps) called upon Her Excellency Miss June Lendore at Collingham Gardens, London SW5, today in order to bid farewell to Her Excellency upon relinquishing her appointment as High Commissioner for Grenada in London.

BUCKINGHAM PALACE

November 26: The Prince Edward, International Trustee, The Duke of Edinburgh's Award International Association, this morning attended a meeting of the International Trustees, followed by a Luncheon at Buckingham Palace.

His Royal Highness, Trustee, The Duke of Edinburgh's Award, this evening attended Reception at Buckingham Palace.

The Prince Edward, International Trustee, The Duke of Edinburgh's Award International Association, later attended a Dinner for members of the Awards' World Fellowship at the Royal Air Force Club, Piccadilly, London W1.

BUCKINGHAM PALACE

November 26: Princess Alexandra this afternoon visited the headquarters of the Police Federation of England and Wales in Langley Road, Surbiton, Surrey.

A display of dried summer

services at a London Education Authority school, Northway School, the Fairway, Mill Hill, London NW1.

Her Royal Highness, Patron, Canal Museum Trust, later visited the exhibition "Pump and Pleasure" and viewed the restored Tug Boat *Bantam IV* at the London Canal Museum, 12/13 New Wharf Road, Kings Cross, London N1.

The Princess Royal, Patron, the British Nutrition Foundation this afternoon attended the Farewell Luncheon for Dr Elsie Widdowson and presented the British Nutrition Foundation Prize Awards at the Royal College of Physicians, 1 St Andrews Place, Regent's Park, London NW1.

Her Royal Highness this evening attended the Farmers Club Annual Dinner and Dance at the London Hilton, Park Lane, London W1.

SJAMES'S PALACE

November 26: The Prince of Wales this evening held a Reception for Exeter College at Sandringham House.

His Royal Highness, President, The Prince's Trust, afterwards gave a dinner for members of the Trust's Administrative Council.

KENSINGTON PALACE

November 26: The Duke of Gloucester, Grand Prior of the Order of St John, this afternoon held a Reception and Investiture of Knights and Dames of the Order of St John at St James's Palace.

The Duchess of Gloucester attended a luncheon to mark the 21st Anniversary of Research into Ageing at the Dorchester Hotel, Park Lane, London W1.

The Duchess of Gloucester, Patron, NADAFS (The National Association of Decorative and Fine Arts Societies) this evening attended a Private View of the Exhibition "Mysteries of Ancient China" at the British Museum, London WC1.

YORK HOUSE

November 26: The Duke of Kent, Colonel-in-Chief, this afternoon attended a farewell lunch for the Regional Secretary, Colonel Joseph Hordern, at the Royal Regiment of Fusiliers, Her Majesty's Tower of London.

THATCHED HOUSE LODGE

November 26: Princess Alexandra this afternoon visited the headquarters of the Police Federation of England and Wales in Langley Road, Surbiton, Surrey.

A display of dried summer

Getting the measure of fine late fruit at the RHS show

ADRIAN BROOKS

Holly bears the sign of winter's approach

BY ALAN TOOGOOD
HORTICULTURE CORRESPONDENT

HOLY berries, dried flowers and evergreen foliage at the Royal Horticultural Society's flower show indicate that winter is on its way.

But at this show, which opened in Westminster yesterday, it is not common or garden hollies that are attracting attention but some unusual deciduous kinds. Bluebell Nursery, of Smisby, Ashby-de-la-Zouch, Leicestershire, is featuring cultivars of *Ilex verticillata*, extremely hardy North American hollies for lime-free or neutral soil. *I. x aurantiaca* with orange berries is especially eye-catching.

Bluebell Nursery is also showing shrubs with colourful bark including a new dogwood, *Corus sanguinea* "Midwinter Flame", with flame-coloured stems.

A very colourful gold medal display of trees and shrubs with variegated, gold and purple foliage for winter effect has been staged by Burncoose Nurseries, of Redruth, Cornwall. It features a collection of pseudopanax or lancewood from New Zealand. These trees and shrubs can be grown outdoors in Britain in milder areas, otherwise in conservatories. This is the first time such a collection has been shown and the plants are extremely variable, ranging from *Pseudopanax ferox* and *P. crassifolia* whose bronze leaves look like the partly opened spokes of an umbrella, to the more conventional *P. lessonii* "Purple" with purple foliage, and the gold and bright green variegated *P. lessonii* "Gold Splash".

A display of dried summer



Harry Baker, a fruit judge, uses a sizing ring to measure a dessert apple entered in the late apple competition at the RHS show. The average size should be 2½ in

flowers and herbs in a blend of soft colours has been staged by Norpar Flowers, of Navestock, Essex. The exhibit, which includes roses, lavender and hardy perennials, also shows how dried material can be arranged for indoor decoration.

Christmas and crab cacti, which are coming into their own at this time of year, are being shown by Westfield Cacti, of Keweenow, Devon. Among other cacti and succulents, Crassulas in some of the newer flower colours are included, such as orange "Lucy" and "Thor Vida".

A gold medal has been awarded to Japanese Floral & Garden Design, of Kensington, London, for Ikebana floral arrangements. Gold medals have also been awarded to the following artists: Mary E Byatt, of Elgin, Grampian (water-colours of rhododendrons); Reinhild Raistrick, of Bury St Edmunds, Suffolk (water-colours of frillarias); and Miss Mariko Inai, of Japan (watercolours of asarum).

It has been a difficult

season for exhibitors of late-maturing fruit, as ripening has been early this year. However, the RHS Garden, Wisley, Surrey, has managed to stage a fine display of late apples.

The collection includes one of the best dessert cultivars, "Pira", with bright red and yellow fruits, raised at Wisley, and the comparatively new French dessert cultivar, "Delbard Jubile", with large red and yellow fruits of reasonable flavour.

Because of the difficult season, the RHS late apple and pear competition is rather thin on the benches. Mr C.H. Gardner, of Orpington, Kent, has won the class for three cultivars of dessert apples ("Fiesta", "Lord Lambourne" and "Spartan").

Mrs J.S. Lockhart, of south-west London, has scooped a special prize for the most meritorious dish of fruit in the single-dish classes, with large-fruited medlar, "Large Russian", which is rarely seen at shows.

In the RHS ornamental plants competition, Mr J.W. Humphries, of the Sutton

Place Foundation, Sutton Park, near Guildford, Surrey, has won the Rose cup for three conifers (*Pinus contorta*, *Picea orientalis* and *Picea pungens glauca*). Mr M. Nelsons, exhibiting for Tresco Abbey Gardens, Isles of Scilly, has won the class for an ornamental tree or shrub in bloom with an unusual exhibit — *Protea nerifolia*, from South Africa. This tender shrub, with pink crown-shaped flowers, thrives outdoors on Tresco. It also gained an Award of Merit at this show.

In the Orchid Society of Great Britain's competition held in conjunction with the show, a large specimen of *Lycaste "Edward"* has been judged best plant in show. Bred and shown by Dr Henry Oakley, of Beckenham, Kent, this 15-year-old plant, which scooped the Len Page trophy, has over 70 yellow-green flowers and buds and a leaf span of two feet.

The show, in the New Horticultural Hall, Greycoat Street, Westminster, is open today from 10am to 5pm.

Royal engagements

The Duke of Edinburgh, as patron, will present the annual British Athlete of the Year awards at Buckingham Palace at 10.00 am as patron and trustee, will attend receptions at St James's Palace at 11.30 and 4.00 for young people who have achieved the gold standard in The Duke of Edinburgh's Award; and will give a luncheon and preside at a meeting of the Trustees of The Duke of Edinburgh's Award at Buckingham Palace at 12.45, later, as Honorary Member of the Simeonians Society of Civil Engineers, will attend a dinner in aid of the Institution of Civil Engineers at 7.15.

Queen Elizabeth, the Queen Mother, will visit the Royal Smithfield show at Earls Court at 11.45.

The Princess Royal, will visit Crooklidge Hospital, Hospital Lane, Leeds, at 11.10; as Patron of the National Association of Citizens' Advice Bureaux, will visit the

bureau at 17 Canal Road, Bradford, at 12.05; as Patron of Sense - the National Deafblind and Rubella Association, will visit a unit for deafblind pupils at Thorn Park School, Thorn Lane, Bingley Road, Bradford, at 1.35; and will deliver the opening address at the Health Visitors' Association's conference at the Harrogate International Centre, at 3.30.

The Duke of Kent, as president, will attend the exhibition *Conflicts since 1945* at the Imperial War Museum at 11.30.

Princess Alexandra will open the Anchor Centre, Paisley, at 3.00; and, as President of Sight Savers International (Royal National Institute for the Blind), will attend a dinner given by the Royal Society of Medicine and the Pakistan Association of

of the MacRobert Pavilion, Royal Highland Centre, Inglisland, Edinburgh, at 7.30.

The Princess Royal, will visit Crooklidge Hospital, Hospital Lane, Leeds, at 11.10; as Patron of the National Association of Citizens' Advice Bureaux, will visit the

Anniversaries

BIRTHS Anders Celsius, astronomer, inventor of the thermometer, Uppsala, Sweden, 1701; John Murray, publisher, London, 1778; Fanny Kemble, actress, London, 1809; Chair Weissman, biochemist, 1st President of Israel 1949-52; Motol, Belarus, 1874; Jimi Hendrix, rock guitarist, Seattle, Massachusetts, 1953.

William Shakespeare married Anne Hathaway, 1582.

DEATHS Horace Quinton Hor-

rittus Flaccus, Roman poet, 8 BC.

Andrew Melville, agricultural engineer, Dunbar, 1591; Alexander

Dumas the Younger, dramatist and poet, Paris, 1895; Tom Walls, actor-producer, Ewell, Surrey, 1949; Eugene O'Neill, dramatist, Nobel laureate, 1936; Boston, Massachusetts, 1953.

Death of Christopher de

Wolfe, 1759; Roger, a

sister for Theo and Phoebe de Vere — On 20th November,

to Antwerp (née Dolby) and

Stephen, a son, Adam George

Duchenne, 1996.

BIRTHS — On 23rd November,

to Rebecca (née Dolores)

and Geoff, a son, Luke David

Emmie.

DEATHS — On 23rd November,

to Joseph and Lakshmi (née

Baluwaria), a son, George

Mathew — On 26th November,

to Jane (née King) and

Robert, a daughter, Katherine Augusta, a sister for Elizabeth, Caroline and

George.

BIRTHS — On 23rd November,

to Michael and Joanne

McArdle, a son, Jonathan

James — On 23rd November,

to Sue (née Price) and

Steve, a son, Patrick Joseph

McLellan — On 23rd November,

to Sharon (née Murphy) and

Steve, a son, Patrick Joseph

McLellan — On 23rd November,

to Joanne, a son, Jonathan

James David.

DEATHS — On 23rd November,

after many years of suffering

with bone cancer, Mrs

Caroline, a widow, died

peacefully at her home in

Westgate Road Cemetery,

Haywards Heath, West Sussex, followed by burial at Westgate Road Cemetery, Haywards Heath, West Sussex.

BIRTHS — On 24th November,

to Richard and Linda, a

daughter, Sophie.

DEATHS — On 24th November,

to Alan and Linda, a

son, James.

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OBITUARIES

SIR HAVELOCK HUDSON

Sir Havelock Hudson, former chairman of Lloyd's of London, died on November 14 aged 77. He was born on January 4, 1919.

A s chairman of Lloyd's from 1975 to 1977, Havelock Hudson presided over a period of optimism and relative tranquillity in London's turbulent insurance market. Applications for membership of Lloyd's reached unprecedented levels during those years, and the consequent expansion was greeted with relief in an institution still reeling from a run of bad losses in the 1960s. In retrospect, however, that influx of new "names" and the changes that came with it, some of style, some of substance, may be seen to have made more likely the scandals and disasters that Lloyd's was to suffer in later years.

To "Hal" Hudson those disasters would come both as a disappointment and a surprise. He was the son of an underwriting family and, though he had initially been reluctant to enter the family business, his chairmanship crowned a Lloyd's career that stretched back to the Second World War.

Throughout that time he saw no reason to doubt the integrity of the institution with which he had grown up. When Lloyd's awarded him its Gold Medal in 1977 for his "outstanding services", he responded by suggesting that Lloyd's had kept "its unrivalled position in the world... because of its honour". Honour, he admitted, was perhaps an old-fashioned word, but he was sure that he was speaking to people who still knew what it means. That confidence would be tested before he died.

Havelock Henry Trevor Hudson was educated at Rugby, where he was captain of running. On leaving school, rather than join the family syndicate of marine underwriters, Hudson & Vernon, he planned to become a doctor, but his medical studies were cut short by an accident suffered while demonstrating fencing skills in a laboratory at the Middlesex Hospital.

He decided instead to cultivate his interest in literature, even if it meant being a journalist at first. That, however, was his father's idea of "a living hell"; had Hudson Senior ever suggested such a thing when he was young, then "his father would have sent him round the world before the next". Forty-eight hours later, Havelock had enlisted on a British cargo ship, the *Silver Teak*, and was working his passage round the world. He was to describe his time at sea as "the most enjoyable years of my life".

When war broke out Hudson was rather reluctantly conscripted as a private in the Royal Hampshire Regiment. He later described himself as having been "a basic pacifist": at this time, but without "the guts to be a proper one". In the end, however,



soldiering came to seem "frightfully interesting". Nor did it stifle his love of letters. Sent for officer training, he found himself a member of an active literary group, running a magazine with Enoch Powell as editor. He went on to become a committed and able officer, his military career ending in 1944 when, as adjutant to the 9th Parachute Battalion, he was badly wounded in the sacking of the heavy German battery at Merville during the Normandy landings.

After the war, married to a brigadier's daughter and with two young children to support, he abandoned his literary ambitions and took over his father's "bot" in The Room at Lloyd's. He became an underwriting member ("a working name") in 1952, and was elected to the Lloyd's Committee for the first time in 1965. In 1968, 1971 and 1973 he served as deputy chairman, before succeeding Paul Dibey as chairman in 1975.

The period leading up to Hudson's chairmanship was a challenging time for Lloyd's. In an institution where

accounts for a given year are not closed until three years later, some of the heavy losses of the 1960s were still being felt. At the same time, the pre-eminence of the venerable London market was being challenged by aggressive new foreign competitors.

Like his predecessors as chairman, Dixey and Sir Henry Mance, Hudson accepted that Lloyd's had to compete but insisted that it must do so without compromising the security to which it owed its reputation. He was a strong supporter of 1960s proposals to expand Lloyd's by admitting foreigners and women; he also backed the creation of a new category of "mini-names", who would need to show assets of only £75,000, rather than the usual £75,000, and be able to write a reduced amount of risk.

But Hudson was convinced that bad business was never worth pursuing. He regarded Hurricane Betsy, the greatest disaster to hit Lloyd's in the 1960s, as "a blessing in disguise": the terrible storms that swept through the southern United States in 1965 may

have caused £100 million of damage in a single night, half of it insured in London; but they also, he felt, marked the beginning of the end for cut-throat competition over premiums and helped to drive from the market some of the composite insurers who had been tempted into the specialised marine and aviation fields by the cash-flow benefits of investing premiums in the money markets at a time when rates were high.

As chairman of Lloyd's during a period of high taxation and a wavering pound, Hudson saw a steady growth in applications from would-be members. Throughout the 1960s the number of "names" had remained steady at about 6,000; by 1977 there were 10,500. Even so, Hudson emphasised that the volume of business should be limited by the reserves available. Most of his numerous foreign trips as chairman were intended not to drum up business but to explain why Lloyd's was turning it down.

An effective ambassador for Lloyd's abroad in one three-week North American trip he covered 14,000 miles, submitting to dozens of speaking engagements and interviews), he was outspoken in its defence at home. "It is ludicrous," he complained, "that a global organisation that has helped to keep this ruddy country going for years should be denigrated."

His views on more general topics were expressed with equal vigour. Speaking at St Lawrence Jewry on the subject of "social responsibility", he blamed what he saw as "the collapse of national morale" on "the collapse of national morality". Lloyd's could show the way forward, he said, for it is "devoted to the concept of individual responsibility, to the exercise of initiative, to the ability to make up one's own mind and having the guts to back one's own judgment".

Such faith in the social and moral efficacy of the free market was perhaps hardly surprising in a lifelong City man. But Hudson was also, in the words of one of his more unlikely admirers, the poet Ted Hughes, "one of those forceful, intelligent people who can live in several worlds simultaneously". For more than a decade he was a dedicated chairman of the Arvon foundation, which helps young writers; and he relished his hands-on involvement in the running of his own estate in Berkshire.

After his retirement as chairman, he remained active at Lloyd's until ill-health and underwriting losses persuaded him to resign his membership in 1988. He had been knighted for his services to export in 1977.

He was twice married. His second wife, Cathleen, daughter of the 6th Earl of St Germans, died in 1994. He is survived by two sons from his first marriage, who was dissolved in 1956, and by a son, daughter, stepson and stepdaughter from his second.

EUGENE POLYAKOV

Eugene Polyakov, ballet master of the Paris Opera, committed suicide on October 25 aged 53. He was born in Moscow on April 27, 1943.

EUGENE POLYAKOV was first brought to the Paris Opera in 1983 by its newly appointed director Rudolf Nureyev. During nearly ten years as ballet master there, he saw the company grow greatly in reputation; it now ranks alongside the Kirov and the New York City Ballet as one of the finest in the world.

Polyakov played a central role in the running of the company, conducting rehearsals and helping with casting, teaching and coaching. All the while he made daily reports to Nureyev, even when the great dancer was abroad. But de-

spite his responsibilities, he was always available to help the dancers, whether with personal or professional problems.

Eugene Polyakov studied at the Bolshoi Ballet School from the age of ten. On graduation, however, he was sent to Siberia to join the ballet company which had been formed at Novosibirsk after the war and whose standards were being raised at that time by the drafting in of new dancers and directors from Moscow and Leningrad.

The Novosibirsk Ballet made its first tour to Moscow and to Paris for the Festival du Marais in 1967. By then Polyakov, at only 24, was one of the leading dancers, dancin



g Bluebird in *The Sleeping Beauty* and the Prince in the young Oleg Vinogradov's

highly original staging of *Cinderella*. In Novosibirsk he also undertook his first choreography, starting with Benjamin Britten's *Variations on a Theme of Purcell* and Men-

delsohn's *Songs Without Words*.

In 1970 he returned to Moscow as a teacher at the Bolshoi but six years later he left Russia for Italy, where he took a post in Venice as ballet master at La Fenice. There he created the ballet *Francesca da Rimini* and mounted *Giselle* in which the Italian ballerina Elisabetta Tiberi was partnered by Nureyev.

After a year Polyakov

formed a new company, Viva la Danza, but shortly afterwards, in 1978, accepted an invitation to direct the ballet at the Teatro Comunale, Florence. During five years there, he made several more new works, including Stravinsky's *Baiser de la Fée* and *Rossignol*.

Nureyev danced in Florence as a guest during this time

and, impressed by his young compatriot's skill, invited him to the Paris Opera as ballet master in 1983. They formed an impressive working partnership, but even when Nureyev's contract ended in 1989, Polyakov and Patricia Bart (a former dancer with whom he shared his responsibilities at that time) continued to act as caretaker directors of the ballet for a year.

In 1992 Polyakov returned to Florence. His resumed directorship there brought his own productions of several classics, plus creations of *La Dame aux Camélias*, *La Ronde* and other works.

Additionally, Polyakov was one of the people to whose scrupulous care Nureyev entrusted revivals of his classic productions. This work was to take him as far afield as China and Australia, as well as to Berlin, Milan and Vienna. London saw the excellence of his results when the Royal Swedish Ballet brought *Don Quixote* to the Coliseum last year.

Although earlier this year Polyakov returned to Paris to work again as ballet master with the company he knew so well, in later months an uncharacteristic mood of depression overcame him, and eventually he took his own life. The Paris Opera dedicated its performance on October 25 to his memory.

He was unmarried.

PERSONAL COLUMN

MIDWEEK RENDEZVOUS

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JETLINE

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PERSONAL COLUMN

100'S

الإذاعة والتلفزيون

THE TIMES

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MEDIA

Why has Nelson Mandela attacked the 'white' press?
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SPAIN

A special report as Spain's Premier arrives in London
PAGES 42-44



SPORT

Nannini finally savours his lap of honour
PAGES 51-56

TELEVISION AND RADIO PAGES 54, 55

BUSINESS EDITOR Lindsay Cook

WEDNESDAY NOVEMBER 27 1996



Screen test: dealers at Midland Global Markets listen to the detail as the Chancellor delivers his Budget statement in the Commons yesterday

Budget given cautious welcome by business

By PHILIP BASSETT, MICHAEL CLARK AND PAUL DURMAN

BUSINESS leaders broadly welcomed Kenneth Clarke's Budget as prudent, ignoring pressure for pre-election expansion measures in favour of moves to cut public borrowing and sustain overall economic growth.

But they were sceptical about the 1p income tax cut, as well as its possible impact on inflation, and maintained their belief that interest rates are likely to rise again before the General Election.

The City, with one eye on a decline in share prices on Wall Street, marked shares lower during the Chancellor's speech. The FTSE 100 index, which ended the day 13.8 up at 4,068.4, had been about 20 points higher when it stood up to speak at 3.30 pm. Earlier in the day the index had

surged to an all-time peak of 4,094.4. The pound ended the day higher against the mark at DM2.5549, rising to 93.2 on the trade weighted index from 92.8 on Monday.

The Confederation of British Industry welcomed the reduction in public borrowing. But it was cautious until it saw details of the planned reductions in public spending.

While the CBI said that personal tax cuts had been "limited to an acceptable level", it warned of a number of tax changes which might add to business costs, such as the increase in airport duties and insurance premium tax.

Company directors gave the Budget "nine out of ten", according to the Institute of Directors. IoD leaders said business had "largely got

what it wanted" in terms of a marginal tightening of policy.

Ruth Lea, IoD policy head, said the Budget was "in the right direction", which took the pressure off interest rates but she said warned that the Bank of England was still likely to press for a further rate rise before the election.

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Grid blames price review for job cuts

By CHRISTINE BUCKLEY, INDUSTRIAL CORRESPONDENT

NATIONAL Grid Group, Britain's electricity transmission network, is ready to implement job cuts that will result in a 20 per cent reduction in the workforce in its main business.

National Grid blames its recent pricing review from the regulator for the 750 job losses, which will be phased over four years. The cuts come as the company steps up its automation, shifting sub-stations to fully automated control.

David Jones, chief executive, dismissed union fears that savage job cuts could trigger blackouts and jeopardise the system. He said: "Automated stations will improve the system."

National Grid said actual

Pembroke, page 31

Spending by card leaps 28% to £7.5bn

CONSUMERS spent £7.5 billion on plastic in October, as high streets continued to enjoy the fruits of improved confidence and spending power (Janet Bush writes).

Credit card spending grew to £4.2 billion, up 24 per cent, while debit card spending rose 34 per cent, to £3.3 billion.

The latest figures from the Credit Card Research Group showed that spending on credit and debit cards was up 28 per cent on October last year, reaching £1.57 a second on credit cards, and £1.22 a second using debit cards.

Elizabeth Phillips, its director, said: "Now that consumer spending is at its highest level for six years, credit and debit card spending is reaching new highs."

Eurotunnel debt deal delayed

By JASON NEST

EUROTUNNEL is being forced to insert new clauses into its £9 billion debt restructuring agreement because of the fire last week that has closed the tunnel.

Senior bankers say this will cause a delay of weeks, or even months, before a deal, agreed in outline with the bankers' steering committee last month, can be put to the 22-strong banking syndicate for ratification.

Talks between the banks, Eurotunnel and its advisers are taking place to arrive at a new formula to tackle the disruption caused by the fire and to find a form of words that will deal with what would happen if there were any further substantial disruption to service. The bankers believe

a revised deal cannot be agreed until the French Tribunal de Commerce, which is overseeing the restructuring, completes its report into the fire, which will take at least two more weeks. It is thought that a full service cannot resume for at least three months, costing Eurotunnel about £165 million.

Trading in Eurotunnel debt has dried up. The highest offers being made by investors have fallen from 40p on the pound to 35p.

The steering committee agreed seven weeks ago to a deal that would convert up to £4 billion of loans into equity or bonds, giving the banks a 49 per cent stake. It now has to sell the deal to the rest of the banks.

Anglo gives EU platinum assurance

By JON ASHWORTH

ANGLO AMERICAN, the South African mining group, is hopeful of striking an agreement with the European Commission over its stake in Lonrho, the hotels to platinum group. Julian Ogilvie Thompson, chairman of Anglo, said the group had no intention of acquiring Lonrho's platinum interests.

Announcing an upbeat set of interim results, Mr Ogilvie Thompson said he was confident of reaching a satisfactory agreement with the Commission, which is alarmed at the prospect of a single player dominating the platinum market. The issue leapt to the fore last month, when Dieter Bock, then Lonrho's chief execu-

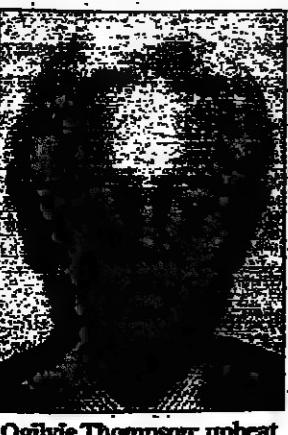
tive, sold his 18.4 per cent stake in the company to Anglo for £238 million.

The Commission acted in April to block Lonrho and Gencor from creating a platinum supergroup, because of fears that Anglo and Lonrho would use their joint dominance of the market to fix prices. Karel Van Miert, European Competition Commissioner, gave warning that the proposed link-up would create a duopoly dominating the world's markets in platinum and rhodium. Similarly, he said, any takeover bid for Lonrho by Anglo would be opposed.

Anglo had recently taken an option over 18.4 per cent of Lonrho shares, lifting its effective stake to 28.5 per cent. Mr Ogilvie Thompson reaffirmed yesterday that the

company would keep its platinum interests separate. His comments came as Anglo announced headline earnings for the six months to September 30 up 22 per cent to 2.44 billion rand (£310 million). The interim dividend is up 23 per cent to 160 cents per share. Diamonds were the biggest contributor, up from 20 to 26 per cent. Platinum, base metals, and other mining interests saw contributions slip 1 per cent to 10 per cent.

In a joint statement, Anglo, De Beers, and the African Mining Group Consortium led by Capital Alliance Holdings, said they had reached agreement in principle to acquire a 34.9 per cent stake in JCI Limited. The purchase price is \$4.50 rand per share.



Ogilvie Thompson upbeat

BUSINESS TODAY

STOCK MARKET INDICES

	FTSE 100	4068.4	(+13.8)
Yield	5.85%		
FTE All share	1895.0	(+5.1)	
Metal	21418.25	(+124.88)	
New York	8525.08	(-22.73)*	
Dow Jones	755.12	(-1.90)	
S&P Composite	755.12	(-1.90)	

US RATE

	1M	2M	3M
Federal Funds	5.75%	(5.50%)	
T-Bond	10.00%	(10.12%)	
Yield	8.40%	(8.42%)	

LONDON MONEY

	3-month Interbank	6-month	1-year
£-libor	8.75%	(8.75%)	
£-lira	111.11	(111.11)	

STERLING

	New York	London	Paris	Frankfurt	Tokyo
DM	1.6723*	(1.6884)			
Fr	1.5727	(1.5777)			
DM	1.5250	(1.5215)			
JPY	5.6883	(5.6015)			
SEK	2.1642	(2.1458)			
Yen	188.55	(185.17)			
Euro	93.2	(92.8)			

US DOLLAR

	London	Paris	Frankfurt	Tokyo
DM	1.6280*	(1.6250)		
Fr	1.5728*	(1.5800)		
JPY	1.2910*	(1.2885)		
Yen	112.88*	(112.64)		
Euro	97.0	(96.7)		

NORTH SEA OIL

	Brent 15-day (Feb)
London close	\$873.85 (\$375.05)

* denotes midday trading price

Penguin buy

Pearson became America's third largest consumer book publisher with the \$336 million buyout of Putnam Berkley. Putnam will be integrated with Penguin, doubling its US market share to 12 per cent. Page 31

Splashing out

Severn Trent, the water company, will spend £250 million to buy back up to ten per cent of its shares even though one out of five pipes of water are still leaking out of its pipes. Page 34

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Awkward questions about the Rosyth rebuff Prestigious builder's blunt tool Shrinking labour market in electricity

THE privatisations of the Naval dockyards at Rosyth, on the Firth of Forth, and Devonport in Plymouth have provided an object lesson in how not to sell off state assets, or, more precisely, how to allow political considerations to ensure the worst possible return to the Exchequer. It is probably as well that Parliament had other things on its mind yesterday than to digest fully the news of the sale of Rosyth Royal Dockyard.

In 1993 the decision was taken to switch the £5 billion contract to refit Britain's Trident and other nuclear submarines from Rosyth to Devonport, on the basis that the latter "management had undercut the former by £10 million" on preparatory work that was put at £120 million.

It was an extraordinary decision. The Navy was dead against it, because on purely geographical grounds Devonport was the worst choice. Rather too shallow, said naval sources, worried that they might not be able to get the ships out in time should urgent need arise.

On political grounds it made perfect sense. Rosyth is in Gordon Brown's constituency and in Scotland to boot, so no extra votes there. Devonport is Liberal Democrat territory, but not at the time looking too solid. The Americans have a phrase for this pork-barrel politics.

Within two years it became obvious that the decision was wrong, and the Government started to look at ways to go back on it. There was a formal review — top secret, naturally — at the Ministry of Defence. There was even talk that the Navy would have to go cap in hand to the Americans to do the work after 1999, rather than go to Devonport.

Rosyth has a huge facility known as the RD5 dock for refitting nuclear subs. Devonport is built on limestone and slate and needs special protection from earthquakes — according to the Nuclear Installations Inspectorate, at least. This adds enormously to the costs, which could total £500 million, according to one estimate.

This week saw the formal agreement of the sale of Rosyth to Babcock International, the firm that has managed the yard since 1987. But extraordinarily, the contract to award the Trident contract to Devonport and the sale of the yard to its management has still to be signed. In an ideal world the job would go to Rosyth, which has the facilities

Time for Costain to come clean

IT is now almost three weeks since shares in Costain, once one of Britain's most prestigious builders and now one of the country's most pernicious, were suspended for the second time in a year. The impression given at the time, in a very brief statement, was that the suspension was made at the start of a long

and the experience. No blame attaches to Devonport's management — they submitted a bid that had to be competitive with the Scots, and before the MoD and the NII changed the rules.

But the decision this week to switch some of that nuclear refitting work, on two "hunger-killer" subs, back to Rosyth again, speaks volumes. It is as close to a climbdown as ministers apparently feel able to come. When the contract with management at Devonport is finally signed, and this is promised within weeks, MPs should be primed to ask some awkward questions about the extra cost.

The National Grid, which said it was the basis of the decision to award the Trident contract to Devonport and the sale of the yard to its management has still to be signed. In an ideal world the job would go to Rosyth, which has the facilities

thought but there is no delay; it is just that putting those things together with those other things took longer than expected. Does this not add up to a delay anyway? No, because no one knew how long the process would take in the first place.

The halting of share dealings means that investors, many of whom by now must wish they had never heard of Costain, cannot sell. Such suspensions are a blunt tool, and their use should not be prolonged. This is why they are generally referred to as temporary. Shareholders have no idea what is really happening, and no means of cutting their losses and exiting.

Except that some shareholders are very much in the know. The three investors who own 77 per cent of Costain are involved in the discussions on the coal sale, so they know what is going on. Mrs Bloggs, of 22 Acacia Avenue, hasn't a clue, bless her. So much for all shareholders being treated equally. The three controlling investors would have to be consulted, as any one could make the implementation of an eventual deal difficult if it chose

to. But given the suspension, it would do no harm to give Costain's small shareholders some idea of what is going on.

Making light work of job-cutting

SOME of our electricity companies really should be members of the Magic Circle, so skilled are they at pulling large numbers of jobs out of the hat in order to cut them. Has the industry really been such a gravy train that swathes of people can be so easily disposed of to boost short-term performance?

The job toll since privatisation is approaching 50,000 — and the lights are still on. One must hope that the arrangements between companies to share engineers does not go awry in harsh weather, when they will be hard-pressed to be in three regions at once. Last year the industry regulator upheld complaints from some customers who claimed broken power lines were not repaired quickly enough.

Yesterday came confirmation that the National Grid was to cut

nearly one in five jobs. These are the people that make sure Britain's transmission system is up to scratch, and would have to repair the network should it fall victim to a terrorist attack — so far untried, but not impossible.

The National Grid, which said early this year that the system was on the point of collapse because of heavy demand, said the job losses have been forced by the last pricing review. But the regulator dropped heavy hints that remuneration was one area the company could look in order to save costs, and no evidence of that yet.

We are still in the relatively early days of privatisation. The City is happy with the immediate gains delivered by the job-cutting companies. Will we be as happy with our electricity service several years down the line?

Going, going GNE

TALKING of privatisation, a colleague has just tried to book a return ticket to Newcastle upon Tyne on the basis that he gets out at Leeds, drives to Tyneside and takes the train back to London. Fine under British Rail, whose staff had a reputation for being surly and unco-operative. The Great North Eastern says its smiling, customer-friendly inspectors will physically prevent him from disembarking.

Pearson buy promotes Penguin

BY ERIC REGGIE

PEARSON became America's third-largest consumer book publisher yesterday with the \$36 million purchase of Putnam Berkley, whose stable of bestselling authors includes Tom Clancy, Patricia Cornwell and Dick Francis.

Putnam will be integrated with Penguin. Pearson's biggest consumer book business, doubling Penguin's share of industry sales in America to about 12 per cent. Pearson said that the acquisition will move Penguin from fourth to second position in the global English-language book market.

Pearson bought Putnam from MCA, the Hollywood studio acquired last year by Seagram, the Canadian spirits group that owns Oddbins in Britain. MCA is to concentrate on its film and music businesses.

Phyllis Grann, chairman and chief executive of Putnam, is to be president of the merged Penguin-Putnam group, reporting to Michael Lynton, who replaces Peter Mayer as Penguin's chairman and chief executive next month. Mr Lynton said: "The two businesses complement each other extremely well. It is a marvel."

Tempus, page 32

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Austria Sch	15.05	17.25		3.002	2.772
Belgium Fr	55.35	57.00		2.50	2.50
Canada \$	1.25	1.25		11.25	10.45
Cyprus Cyp	0.905	0.768		267.50	240.00
Denmark Kr	10.55	9.55		0.825	7.45
Finland Ltl	3.25	2.75		220.00	200.00
France Fr	6.25	6.25		11.75	10.55
Germany Dr	2.45	2.45		2.25	2.10
Greece Dr	415	360		175.00	169.00
Hong Kong \$	13.65	12.25		1.75	1.55
Iceland Icl	120	120		—	—
Israel Irl	0.95	0.95		—	—
Ireland Stk	5.70	5.05		—	—
Italy Lira	2834	2670		—	—
Japan Yen	202.50	180.20		—	—



84283006

  A more productive way of working

STOCK MARKET



MICHAEL CLARK

Shares buoyed by Budget and Dow's record high

BUCKINGHAM
November 20
Investiture at 1 this morning.
The Earl of
Chamberlain
Her Majesty's
Address from
to which The
closely pleased.
The Govern-
lia was receive-
The Rt Hon
(Prime Minister)
The Queen the

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Founders and
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BUCKINGHAM
November 20
International
Edinburgh's
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Foundation,
for men
World Fellow
Force Club, I

BUCKINGHAM
November 2
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The Prince
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DEATHS

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God, be
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BIRTE

BATHER
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BRETH - 1
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CLAYTON
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CARL
1996, Carl
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sister

de VERA
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and
Sara

DURKE

HANSHE
1996, Mich

JAMES
Never
Dove
Guy
Innes

LIE - O
Kevic
to join
the
Awards

MARTIN
1996, Bo
Rene
and
new 21
Gerry

PICKWIC
3rd 201
to the
2013

PALMER
22nd 201
Rape
James



John Jarvis and David Thomas of Jarvis Hotels, up 4% p

increases in duty on alcopops.

The two biggest producers of alcopops are Merrydown, with Two Dogs, down 1% p at 98% p, and Bass, with Hoopers Hooch.

The banks were chased higher ahead of the Chancellor's speech, with stock shortages in the sector exaggerating price movements. Barclays put on 6% p to £10.10. National

left Specialeyes 4% cheaper at 6% p. Optical Express, its rival, had made an offer of 6% p a share, valuing the entire company at £1.9 million. The deal has been approved by directors of Specialeyes, accounting for almost 20 per cent of the equity. Half-year figures from John Jarvis, chairman of the fast-growing Jarvis Hotels, and David Thomas, deputy chief executive, were well received. The price added 4% p to 170% p. The group is targeting three new hotels in the second half of the year.

Trace Computers slumped 4% p to 22% p after plunging into the red and deciding not to pay a dividend. The group made a loss last year of £5.13 million compared with a surplus of £82.746 the year before.

Selected Appointments fell 2% p to 37% p after announcing details of its offering of American Depository Shares. A total of three million ADSs are being issued, raising around £15 million. The issue has been priced at \$10.50, equivalent to 21% p per ordinary share. Brokers said pricing of the issue had failed to live up to expectations.

United Dreg is asking shareholders to dig deep into their pockets in order to raise £12.4 million by way of a heavily discounted rights issue. The money will be used to strengthen its balance sheet. The price firm 5% to 365p.

A profits warning left Bearing International Power nursing a fall of 3% p at 17% p, after it had finally put paid to recent reports that the two companies were planning a merger.

News of a recommended bid

Westminster 5% to 698p, Standard Chartered 11% p to 680p, Abbey National 4% p to 683p, and Bank of Scotland 2% p to 296p. Royal Bank of Scotland was 6% p firmer at 530p ahead of figures tomorrow.

Half-year results from Severn Trent received cautious approval from the City, with the price adding 1% p at 669p. Pre-tax profits grew by 18 million to £197 million and the

profits downturn and the loss of up to 750 jobs over the next four years. The job losses were part of a move to cut costs by 6 per cent a year in order to meet tough pricing controls proposed by the regulator.

British Gas fell 4% p to 231p after Shell finally put paid to recent reports that the two companies were planning a merger.

□ **GILT EDGED:** The bond market traded in narrow limits for much of the session with prices clawing back an early fall to stand virtually unchanged on the day as the Chancellor rose in the Commons. In futures, the December series of the long gilt was unchanged at 111% p.

□ **NEW YORK:** On Wall Street, shares were lower at midday as program trades sent them see-sawing. The Dow Jones industrial average was down 22.73 points at 6,525.60.

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base touched 81% p, before finishing 3% easier at 81% p, but there were gains for Hardys and Hanson, up 3p to 297p, Scottish & Newcastle, 6% p to 654% p, and Whitbread, 3% p to 755p. Grand Metropolitan, which owns Courage, also hardened 3% p to 471p. Guinness, Britain's biggest distiller, was 1% p dearer, at 458% p, and Highland Distilleries was 1% p better at 433% p.

Rank Organisation firmed 2% p, to 425p, ahead of a presentation for fund managers arranged by Henderson Crosthwaite, the broker, which is a big fan.

The drinks sector was of good cheer during the morning as the word went round that the Chancellor, fond of the odd tipple himself, might take pity on the brewers and distillers and cut duty by as much as 10p a pint in order to counter the effects of the booze cruises to continental Europe.

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THE TIMES



Touch of spice for Chancellor

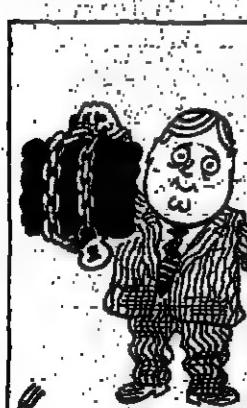
WHILE the *Mirror* was running wild with the contents of Ken Clarke's red briefcase, the Chancellor chose to round off his evening with a curry. In spite of his penchant for chips, chips and more chips, it was some spice that the Chancellor was after on the eve of the Budget. Not a million miles from the Treasury, he headed straight for a curry house in Pimlico. Is that why he looked so red about the gills yesterday morning?

Tapping in

BEARING in mind that the Treasury's Internet site was under siege last year, imagine the hit that it took yesterday. Even before the Chancellor stood up to speak, anotakate were tapping into the Treasury after Piers Morgan made the first hit. Last year, about 2,500 people accessed the site in the first week of the Budget. Yesterday was the first time that the Treasury encircled a computer disk with the 2,800 press packs sent out, in the hope of weaning recipients off the realms of paper that have a propensity to rott.

Early opening

THE recently refurbished George & Vulture opened its doors early yesterday to allow for the Budget. Within a quarter of an hour, 60 City types were at the bar that was once propped up by Charles Dickens. "They all wanted a rare steak — the fastest thing on the menu — and a lot were drinking lemonade or colas," says the landlord, Ray Hall.



Groundless view

KEN BATES has put his name down for the most expensive apartment in Chelsea Village. The sheepskin-clad football chairman has reserved a £775,000 penthouse being built next to Chelsea's Stamford Bridge stadium. Bates who has only recently put his farm in Buckinghamshire up for sale, is the third person to have reserved one of the new apartments. Unfortunately for Bates, his vast shack next door to the Shed will not have a view of the football ground.

PR panic

CITY press relations officers were panic-stricken yesterday over reports that the Oxo Tower Restaurant had gone up in flames. Not least the Warburgs-whiz kids who have started trading tables at the trendy haunts. Word has it that there was a small fire in the kitchen that knocked out the Oxo Brasserie, but the restaurant was soon back in business. So much relief at Salomon Brothers, which holds its legendary annual client bash there next month.

Lucky number

A good omen for the new owners of the £86 million Mandarin Oriental Hyde Park. The Knightsbridge hotel is 88 years old, a lucky number in Feng Shui. Let's hope the eight bring them better times than naughty Nick Leeson.

MORAG PRESTON

Exclusive hotels portfolio valued at £960m by Christie's

For the super-rich, hotel industry giants and property companies it is a once-in-a-lifetime auction opportunity. The Exclusive chain — 17 of the world's most famous hotels — is up for grabs over the next two months as Granada clears out assets that it deems superfluous, acquired as part of the £3 billion takeover of Forte this year.

Granada, the leisure and media company where Gerry Robinson is chairman, has always maintained that it is more interested in the economies of scale and branding potential of the mid-market hotels — the Posthouse, Crest and Heritage chains — that it gained from the takeover. Besides, it needs to raise cash to reduce the interest bill on its huge debt pile. Granada sees hotels such as the Grosvenor House in London, the George V in Paris and the Ritz in Madrid as "trophies", believing that the huge investment in staff and buildings needed to provide top quality service cannot be justified in terms of returns on capital.

That attitude has not, however, dampened the enthusiasm of a large range of visitors keen to add the prestige of five-star hotels to their portfolios. When the auction was first begun in the summer, around 70 bids were posted to Lazard Brothers, the merchant bank acting for Granada. The number has been whittled down to a dozen or so genuine contenders, including some of the world's wealthiest men, such as Alwaleed bin Talal bin Abdul-Jah, a nephew of King Fahd of Saudi Arabia, and Prince Jefri, brother of the Sultan of Brunei. Hotel groups such as ITC Sheraton and Marriott International are still in the hunt.

Mandarin Oriental, the Hong Kong hotel group owned by Jardine Matheson, became the first confirmed buyer last week when Granada accepted its \$86 million offer for the Hyde Park Hotel in London. The announcement, made a day before Granada unveiled a sparkling set of results, was carefully timed. The hotel was regarded as one of the easiest to sell, benefiting from its fashionable Knightsbridge location, freehold status and the added glamour of its Marco Pierre White restaurant. But the price, some \$16 million above book value, still impressed the City, and suggested that Granada would be able to sell the whole chain for much more than its nominal book value of \$802 million.

But it is becoming clear that Granada's decision to dispose of the hotels individually — to maximise the price of the chain — is creating complications. The hotels are hardly of uniform quality and the company has hinted that in certain cases — the Hotel Bristol in Warsaw or the Palazzo delle Fonte in Italy, for instance — it may have to adopt a "buy one at full price, get one cheap" strategy.

Concern is growing that even the sale of the Grosvenor House in London — with 955 rooms, by far the largest in the portfolio — is proving more difficult than expected. The Grosvenor House is located on Park Lane and possesses a 1,500-seat Great Hall — known in the hotel trade as the "elephant's garage" — which once served as a skating rink. But the sale is complicated by the fact that the Grosvenor also owns 225 apartments and is estimated to need around £50 million in capital expenditure to update the facilities. The Grosvenor has a book value of about £300 million but,

Christie's price tag was closer to £275 million when it conducted its own valuation.

Chefsfield, the property company chaired by Elliott Bernard, is rumoured to be the most likely buyer. But Granada may remove the hotel from the market if offers do not reach £300 million, some analysts believe.

The Christie's valuation, made at the height of the bid battle, is proving especially vexing for Granada. Some hotel industry observers have argued

that because the hotel market has improved since the valuation, Granada should be able to command at least the £960 million price Christie's imposed on the Exclusive portfolio. But Granada insists that the £801 million book value is the measure stuck it is using for performance and has been agreed by the rumours that a failure to reach the higher Christie's prices is throwing the whole auction into doubt.

On Monday the speculation

resulted in Granada shares falling back slightly, although the company insists that the disposal programme is on track to meet the company's end-of-year deadline. Granada will probably seek to calm market nerves with the announcement of another sale in the next few days. The Westbury, in Mayfair, London, is hotly tipped to be the next disposal, and the acquisitive Chefsfield again heads the contenders — having apparently seen off interest

in the Westbury by a consortium of investors led by the Spanish hotel chain Melia.

In reality, such is the turn of the jackpot that the lottery has nothing to fear from any other form of gambling. In contrast, with a mid-week draw to be introduced in February, with a £100,000 scratchcard prize being mooted, and with other new games certain to be introduced, the lottery, side-betting adds

value to the draw by injecting an extra element of fun and entertainment.

For those unfamiliar with the practice, side-betting consists of bookmakers offering odds about particular numbers being drawn. Thus a betting-office customer can purchase his lottery ticket in the hope of landing the jackpot and add interest to the draw by having a bet on one, two, three, four or five, but not six, of the numbers selected.

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Side-betting on lottery could add value to the draw

From the Director-General of the Betting Office Licences Association

Sir, Pennington may be justified in describing the nation's Saturday evening (soon to be Wednesday) as well preoccupation as an institution (November 20), but your writer's view that side-betting on the outcome would damage the National Lottery has no basis in fact.

For seven years, Irish bookmakers have been betting on their lottery numbers and there is no evidence to suggest that this secondary activity has been detrimental to the Republic's twice-weekly game. In fact, examination of the situation there suggests that far from diverting turnover away from the lottery, side-betting adds

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Diplomatic conventions enable Maastricht treaty to be changed

From Mr John Parfitt

Sir, Professor Marrs (Economic View, November 8) says that the [Maastricht] treaty cannot be changed. Like any other treaty, it can, and there are diplomatic conventions enabling this to be done.

Had the 1975 referendum resulted in a "no" vote Britain would have had to withdraw its consent to the 1973 Treaty of Accession and thus to the provisions of the Treaty of Rome; the pages of the history

books are littered with such instances. A serious objection to the proposals for stage three of EMU is that member states must give an open-ended commitment to pay "fines" if they stray from the Maastricht criteria; for us this could mean billions as well as our current net payments to the EC of some £4 billion per annum. It would be constitutionally improper for ministers to agree to such a commitment if the House of Commons refused to

vote the money it could not be paid and the enterprise would collapse.

Interestingly, all this parallels the situation in 1673 when the threat of withholding supply forced Charles II to withdraw from the more odious parts of his understandings given to the French in 1670. Plus ça change ...

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Severn Trent to splash out £250m on share buyback

BY OLIVER AUGUST

SEVERN TRENT, the water company, will spend £250 million to buy back up to 10 per cent of its shares even though one in five pints of water still leaks from its pipes.

The buyback follows Sev-

ern's abortive bid for South

West Water, the neighbouring utility. Bid costs were £4.5 million, the company disclosed yesterday.

Severn defended the buy-

back, saying that leakage had dropped to 19 per cent, from 24 per cent, since last November, and was on track to meet the target of 12 per cent by 2000.

Spending plans worth a further £70 million had been added to the £150 million investment announced last year, with the bulk used to improve water supply, the company said.

However, Labour criticised the company for driving down capital investment to the lowest level since privatisation and "wasting" £4.5 million of customers' money on the unsuccessful bid for South West Water.

Frank Dobson, Shadow Environment Secretary, said: "Further proof that the company is rolling in money is their decision to have a share buyback. Yet capital investment still isn't satisfactory."

Mr Dobson suggested that the new discretionary investment announced yesterday



Vic Cocker, chief executive of Severn Trent, which has lifted interim profits to £197 million, from £189 million.

could simply have been brought forward from the second half of the year. He said: "In fact, if Severn Trent invest the same amount during the second half as they did in the first half, they will have invested less than at any time since privatisation."

Severn Trent said that inter-

im pre-tax profits rose to £197 million, from £189 million, in the six months to September 30. The interim dividend rises to 9.2p, from 9.0p.

Richard Ireland, chairman, said that the group would seek opportunities for growth in the waste industry in the UK and on the Continent, and intended to develop its presence in the world market for utility-

related services. However, he ruled out a bid for a UK regional electricity company.

Mr Ireland said that the capital requirement for business growth was "relatively modest". He said: "A repurchase of share capital will provide a more appropriate capital structure for the group, increase earnings per share and,

consistent with the policy of reducing dividend cover to around two times earnings by 2000, enhance future dividends."

In addition, the company will seek to renew the authority to repurchase shares at the annual meeting in July 1997.

Tempus, page 32

Cleanaway picks up German waste firm for DM135m

BY PAUL DURMAN

CLEANAWAY, the waste management company that is 50 per cent owned by GKN, is expanding into Germany through the DM135 million purchase of Mabeg, which runs a waste collection and recycling business in the north and west of the country.

The move follows the purchase by Cleanaway of two waste businesses in The Netherlands in the past couple of years.

Mabeg is currently owned by Heitkamp and Strabag, two large German construction companies. It employs about 600 people and has annual sales of about DM150 million.

About 30 per cent of its business is in sorting and recycling — which, GKN said, was one of Mabeg's key attractions.

Legislation has made Germany one of the world's most environmentally ad-

vanced markets. Gerben Westra, Cleanaway's chief executive, said that Mabeg was an excellent fit and provided an ideal platform for further expansion.

Cleanaway, which is based in Brentwood in Essex, claims to be Britain's largest waste management business.

Its UK sales are estimated at £130 million, putting it ahead of Biffa, owned by Severn Trent, and the independently quoted Shanks & McEvans.

With the addition of Mabeg, and with Lato and Mire in The Netherlands, Cleanaway will have total sales approaching £250 million.

GKN owns Cleanaway jointly with Brambles Industries, its Australian joint venture partner for many years. Cleanaway is a global brand, but GKN has no involvement with the Brambles-controlled businesses in Australia and America.

Readicut worried by strong pound despite profits rise

BY FRASER NELSON

THE strength of sterling is threatening the tentative recovery in Britain's manufacturing sector, according to Charles Goodwin, chairman of Readicut International.

The carpet and yarn company yesterday voiced fears that the power of the pound was undermining its competitive edge in continental Europe and dampening overall demand from overseas.

The warning came as Readicut reported pre-tax profits up 20 per cent to £3.32 million for the six months to

September 30, helped by a £1.18 million contribution from Alan Farrow, its latest acquisition. Earnings per share were 1.2p (0.9p), and a maintained interim dividend of 0.63p is due on February 10.

Mr Goodwin said that growth had been held back by production problems in three of its main subsidiaries.

The launch of Drake Extrusion, its new polypropylene extrusion arm, met a slow start as sales failed to compensate for the £3 million start-up costs.

While demand was high at

Stonehouse Barley's, its Yorkshire woolen yarn site, it incurred a loss of £1.3 million after profits were drained by problems stemming from its attempt to merge its three weaving sites.

Restructuring costs also held back Firth Carpets, its carpet-fitting division, which suffered a loss of £657,000.

Mr Goodwin said the company had now overcome most of its external problems, but gave warning that the success of its exports would be greatly affected by monetary policy.

Tempus, page 32

Optical sets sights on Specialeyes

BY LERISSE SMITH

OPTICAL EXPRESS has launched an agreed £1.92 million takeover bid for Specialeyes, an optical retailer with 63 stores nationwide.

With 20 shops, Optical Express is the largest independent chain of opticians in

Scotland and is owned by David Moultrie.

The company has received acceptances in respect of the 19.8 per cent interest held by directors of Specialeyes. The offer is of 6p a share, against a closing price on Monday of 10.1p.

Specialeyes yesterday re-

ported a loss of £744,000 before tax for the six months to May 31 and said there had been no further improvement in trading in the second half.

Tim Franey, chairman of Specialeyes, said that the company had experienced difficult trading conditions in the first half. "This has resulted

in a deteriorating financial position, which prevents the company from completing plans outlined in the interim statement," he explained.

Should the offer fail, he said, there would have to be a major restructuring, which could have an adverse effect on shareholder value.

Brewer to expand after flotation

BY ALASDAIR MURRAY

ELDRIDGE, POPE and Co, the family-controlled brewer that is moving to a full stock market listing next month, said yesterday that it is looking to expand aggressively over the coming year.

The company unveiled a 23 per cent increase in full-year profits, to £4.36 million. Turnover rose 11.5 per cent, to £61 million. The retail division increased operating profits by 9.6 per cent, to £6.7 million, on turnover of £31 million, up 7.7 per cent. Pope added a further ten pubs, predominately in the South, during the year.

The company invested £5 million in the division and expects capital expenditure of £10 million this year. Pope wants to convert a further seven pubs to its Fireside Inns brand and is aiming to add two new pubs in London targeted at young drinkers.

The Thomas Hardy brewery, which specialises in contract work, yielded a profit of £1.2 million on turnover of £29.9 million in its first year as a separate division. The wine business was restructured during the year and the company said it expected the benefits to come through in this year's results.

Christopher Pope, the chairman, is to become a non-executive chairman, with Jeremy Pope, currently managing director, becoming chief executive. Shares in the company, which is quoted on the USM, rose 10.2p, to 25.4p. The total dividend is raised by 15 per cent, to 5.3p. A final dividend of 3.45p is payable on February 2.

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Jarvis aims to keep on growing

BY ALASDAIR MURRAY

JARVIS HOTELS aims to add a further three hotels during the second half as it continues expansion in its first year as a quoted company.

John Jarvis, chairman, said that the company would concentrate on individual acquisitions, but, with consolidation likely in the hotel sector, it was willing to consider suitable small chains.

He added that the company had a further £35 million to spend and would feel comfortable with gearing rising from its present level of 28 per cent to about 40 per cent.

The company unveiled a 24 per cent rise in profit for the 28 weeks to October 12, excluding tax and exceptional charges, to £13.9 million. Overall turnover rose 15 per cent to £61.8 million.

Exceptional charges relating to the flotation in June totalled £5.7 million, including a loan stock interest payment of £5 million and £55.000 as a management bonus.

Occupancy levels rose to 70.5 per cent, while the room yield increased 14 per cent, to 29.57. Mr Jarvis said the recovery in the sector was now spreading from London to the regions and he believed there was room to push yields higher. Margins for hotel trading profits rose from 32p to 35p per pound of turnover.

The company is working on expanding its leisure brands, with the Embassy Leisure weekend break brand now available through Luma Poly travel agents.

Jarvis now owns 65 hotels, including the 58.6 million Scandinavia at Gatwick, to its portfolio in the first half.

Mr Jarvis said that trading had continued strongly, with an increase in food and beverage sales. The share rose 3.2p, to 69.4p, compared with a final price of 75.5p. A medium interim dividend of 8p will be payable on January 24.

Tempus, page 32

ABB awarded \$270m power station order

ABB, the electrical engineering company, has won a \$270 million order to extend a combined-cycle power station near Grimsby. Humber Power, which is co-owned by several partners, will start to extend its South Humber Bank station next year and anticipates it being in operation by 1998.

ABB built the first phase of Humber Bank in 1994. When the extension is complete Humber will lift its output from 750 megawatts to 1,260 megawatts. Although there has been industry disappointment about the speed at which new gas-fired stations have started to feed into the system, there is now evidence of a pick-up in power plant construction. The National Grid has planning applications for more than 6,500 megawatts of stations. The overcapacity this will produce in electricity generation should start to bring down power prices, industry watchers believe. The electricity regulator has been criticised for pinning large hopes on electricity prices falling in response to an influx of new generators.

Rec to read gas meters

NORTHERN ELECTRIC, the regional company fighting a hostile US takeover, is to move into gas meter reading in the 28 weeks to October 12, excluding tax and exceptional charges, to £13.9 million. Overall turnover rose 15 per cent to £61.8 million.

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S&F sales raise £5m

SHARPE & FISHER, the building supplies company, has raised £5.1 million through the sale of two property freeholds and a plot of land. It more than doubled its money on the sale of surplus land at its Cheltenham depot, which fetched £1.06 million at book value of £400,000. It made at least £200,000 profit on the freehold of a branch in Chippenham sold for £735,000, and £45,000 on selling property in Worcester for £3.35 million. All money is due this year.

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Tempus, page 32

Amberley advances

AMBERLEY GROUP, the minerals and chemicals concern that recently acquired Bousfield Printing, saw pre-tax profits rise to £2.25 million, from £920,000, in the six months to September 30, on sales up to £21.6 million (£7.69 million). Demand for Masterbatch, its new solid pigment product, was strong and production is to be doubled. Earnings were 74 per cent higher at 2.41p a share (1.39p); the interim dividend rose 33 per cent, to 0.4p per share, due on February 21.

THE European Commission is expected to block a joint venture between Saint-Gobain, the French glass manufacturer, Germany's Wacker-Chemie and NOM, the Dutch state-owned investment firm, in the silicon carbide sector. The Commission's competition directorate-general has concluded the deal should be blocked because it would give Saint-Gobain a dominant position within the European Union.

Trace slumps into red

TRACE COMPUTERS has plunged into the red after exceptional charges forced a pre-tax loss of £5.14 million (£483,000 profit) in the year to May 31. Trace suffered a £3.21 million revaluation charge on its head office, a £789,000 loss on its sale of Proteus, its software distribution arm, and a £210,000 charge in reorganisation costs. Losses per share were 25.9p (2.35p profit). The company, which paid no interim dividend, is passing the final (2.35p total).

Bearing Power warning

BEARING POWER INTERNATIONAL, the distributor of bearings and power transmission components, said that pre-tax profits for the year to September 30 would fall substantially below current expectations of between £1.6 million and £1.8 million. This would arise because of a new accounting method of stock valuation, agreed with the company's auditors. Directors expect to recommend an unchanged final dividend of 1.55p a share.

Joint venture ruling



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The corpse of *Today* was still warm when the fight began to recruit its readers to new allegiances after it was closed down a year ago. Yet a year later it is the right-wing *Daily Mail* that has most successfully wooed former readers of the left-wing *Today*.

As soon as *Today* closed, the *Daily Mail* offered itself free for a week to *Today* readers. The circulation director Mike Newman bought a list of *Today* readers and sent them a letter offering delivery of the *Mail* free for eight days and then for a period at half-price.

It was largely the success of that tactic that pushed sales of the *Daily Mail* above two million for the first time in 28 years.

Britain's newspaper market is the fiercest in the world, but readers have strong loyalties to their chosen papers. So the secret of success lies in persuading them to try a rival. Once tempted, they may decide to switch permanently.

Newspapers have been using two main marketing tactics. The most successful, started by *The Sun* and *The Times* and since copied by almost every newspaper group, is reducing the price. Sales of *The Times* have more than doubled and *The Daily Telegraph*, with a mailshot offering a year's subscription for £1-£150 a week, says it has recruited more than 100,000 new buyers.

Another tactic is to offer free trials. On Britannia Airways and British Midland flights, there are free copies of *The Express*. There are free copies of *The Times* at Forte hotels. Earlier this month there were free copies of the *Sunday Mirror* and *The People* at Somerfield supermarkets (which added about 150,000 to their "sales").

When advertisers decide where to buy space in newspapers, their decisions are based on sales but particularly on readership and readers'

columns for sales at full rates, lesser rates, and bulk sales.

Managers at *The Times* in particular are questioning the *Telegraph's* October ABC figures which recorded 49,000 sales at a lesser rate based on 10p vouchers — but failed to declare the extra 100,000 extra-price mailshot subscriptions in the lesser rate category. So where did they go, ask *Times* managers, and why is readership of the *Telegraph* going down as sales go up?

All managers agree that free copies on a flight or at a hotel breakfast are probably properly read and genuine sampling exercises. Where they differ is over giveaways dumped at supermarkets or petrol stations, which many managers believe are simply thrown

socio-economic status. It is therefore vital to newspaper management that ABC figures accurately reflect their market position. The question now being asked by some managements is whether sales at lower rates than cover prices or free copies — known as bulk sales — should be counted in the monthly ABC figures. After protests earlier this year, that was why the ABC decided to record statistics in separate

At stake for editors and managements in the battles of the marketers are important psychological issues. Strip out cut-price and bulk copies and sales of *The Daily Telegraph* and *The Express* both slip below a million a day — for the *Telegraph* from 1,077,000 to 978,000 and for *The Express* from 1.2 million to 983,000, while *The People* slips just below two million.

Among the daily broadsheets, average daily sales at reduced prices have risen in a year from 18,000 to 79,000, with significant increases recorded by *The Independent* — up from 356 to 10,193 — and *The Daily Telegraph* — up from 1,958 to 49,931. At *The Times* they have risen from 3,573 to 11,141. Yet readers' made positive choices and paid money to buy all these newspapers.

The real quarrel over the ABCs is about bulk sales, which are used by declining papers to prop up circulation and by those on a rising curve to push distribution to new records.

If bulk sales were removed from the ABCs, *The Express* would still be selling comfortably more than a million, the *Telegraph* would be just over at 1,028,000 — but *The People* would only scrape home at 2,000,782. That, of course, is why so many copies of *The People* were offered at Somerfield for nothing and why the bulk sales recorded in the ABCs have been rising so sharply.

FOLLOWING weeks of speculation Ian Monk left *The Express* this week to be succeeded by Tessa Hilton, after an internal inquiry into his professional conduct. His abrupt departure from the

post of deputy editor comes almost four weeks after Anita, his Dutch-born wife, was arrested for allegedly trying to sell a stolen copy of *Alan Starkie's* insatiable account of the secret life of Sarah Duchess of York to *The Sun*.

The book, printed secretly in America and Finland, was bought for serialisation in *The Sun*, a year ago, by *The Daily Mail*, a fierce rival of *The Express*, for which Mr Monk worked previously as an executive editor. This is the latest crisis to

The President of South Africa has attacked 'white-controlled' newspapers, Ray Kennedy writes

Mandela blames the press



Leading journalists have had a 'robust' meeting with President Mandela

For a man who is often thought of as a political saint, President Mandela of South Africa has the very devil of a sharp tongue. Thus it was with feelings of dismay and weariness that 20 of the country's leading black journalists met him at their own request last week.

A few days previously he had accused the 'white-controlled conservative media' of getting senior black journalists to do 'their dirty work'.

That followed an earlier broadcast against some black journalists who, he said, 'regret we have destroyed white supremacy in this country and who are taking out their venom on the one organisation that has brought about radical changes. They have no conception of the problem facing this country.'

Halfway through its five-year term of office, the African National Congress Government is beginning to come under sharp scrutiny and many people view this as a healthy sign that democracy is beginning to work. For decades of National Party rule, the media — particularly the English-language press — was shackled by more than 100 laws limiting access to information and freedom to publish, some of which are still in place.

Editing a newspaper in South Africa, a former editor once noted, was like walking blindfolded through a minefield.

But politicians, whatever their hue, remain sensitive. There was fury from the ANC at a report in *The Star*, written by one of its black reporters, that Mr Mandela had stunned the party's national executive by saying he had not chosen his successor and that Thabo Mbeki, the Deputy President, was not his heir apparent.

The Star's report appears to have

fuelled Mr Mandela's outburst. He pointed out that his successor would be chosen by the party congress, not by him. But *The Star* reporter's interpretation, based on an unnamed source in the ANC executive, was that it meant that 'the race is on'.

The four-hour meeting between Mr Mandela and the black journalists was described as robust. Thami Mazwai, chairman of the South African National Editors' Forum, said that the President undertook not to repeat his charges with the proviso that journalists did not 'overshoot the limit'.

Mr Mandela's interpretation of it was more circumspect. 'We don't want you to be an ANC mouthpiece. We don't want you to be lap dogs,' he said. 'As long as the press continues to be controlled by conservative whites, we will continue to have a problem of senior black journalists expressing views that are not in conflict with those of their employers.'

Raymond Louw, former Editor of the now defunct *Rand Daily Mail*, which won an international reputation for its courageous campaigning against and exposure of apartheid-era outrages, described the situation as 'bizarre'.

'One wonders who is feeding these thoughts to Mandela,' he said. 'It is quite clear he does not have detailed knowledge of the media, otherwise he would not have made such outrageous statements.'

The English-language press has a courageous record of fighting apartheid — in fact, although this appears to be forgotten by many in the ANC, it was one of the few 'white' institutions in the country that fought the apartheid government consistently.'

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CHOICE 1
Griff Rhys Jones stars in Ben Travers's farce, *Plunder*

VENUE: In preview at the Savoy Theatre



CHOICE 2
Paul Daniel steers the RLPO through Wagner, Britten and Sibelius

VENUE: Philharmonic Hall, Liverpool, tonight



THEATRE

A trio of top performers makes Adrian Noble's staging of *The Cherry Orchard* one to cherish



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Maurizio Pollini is in superb form and provocative mood as he opens his cycle of Beethoven sonatas

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IN THE HOUSE OF CROSSED DESIRES: Told in the tradition of commedia dell'arte, *Madame Theatre* has created a new production of John Wooldridge's opera of magical transformations and mistaken identities. With a libretto by Menna Shatto. Queens Elizabeth Hall, South Bank, SE1 (0171-960 4242; Tonight, 7.45pm)

PLUNDER: Second time lucky for Griff Rhys Jones in Ben Travers's farce at the venue (the night before he was due to open). Directed by Michael Blakemore, Kevin McNally and Sarah Crowe are also in the cast. Peter James Davies. Savoy, Strand, WC2 (0171-836 8888) Preview: Sat 29 Nov; 7.30pm. Opens Dec 1-27, 7.30pm; Mon-Sat, 7.30pm; Wed-Thurs and Sat, 2.30pm. Until Friday 15

SILVER SERVICE: The new Silver Galleries open today at the Victoria and Albert Museum. Originally built to house ceramics, the highly ornate Victorian gallery has been restored and now provides an elegant setting for the national collection of English silver. More than 1,500 pieces will illustrate the history, beauty and craftsmanship of the precious metal. See Box, page 33. Victoria and Albert Museums. Cromwell Road, SW7 (0171-858 8500) Mon, noon-5.30pm; Tues-Sun, 10am-5.30pm.

CHEESE VUE: Great and age in a curious 1820s hotel set early comedy by Odilon von Horvath, never seen before in Britain, and presented by Actors Touring Company. Nick Parker, first novel, Lyric Studio, King Street, Hanover Square, W1 (0171-741 2311). Mon-Sat, 8pm; Sun, 4.30pm.

IN HIDEOUT BY THE SUN: Francois de la Tour, Director, has invited Sophie Hodgson to participate in a series of intimate readings of his new play, *Hedda Gabler*. South Bank, SE1 (0171-858 8500) Tues-Sun, 7.30pm; mat Thurs, 2.30pm. In rep. 10

CASH ON LEAVING: Bradie Walsh in his first leading West End role in farcical pantomime about benefit fraud, written by Michael Cooney. Whitechapel, Commercial Road, E1 (0171-399 1252) Mon-Fri, 7pm, 8.30pm and 8.30pm; mat Wed, 8pm.

AT A DOLL'S HOUSE: Jemma Redgrave steals the door in Anthony Page's production of Ibsen's proto-feminist drama. Queen's Theatre plays her husband, Peter Hall, in *Hamlet* and Ave, WC2 (0171-439 4401) Mon-Sat, 7.30pm; mat Sat, 2.30pm.

NEW RELEASES: A powerful re-telling of David Hare's play about small-time hustlers, with Dustin Hoffman and Dennis Franz. Director, Michael Cimino. Metro-Goldwyn-Mayer (0171-367 0797)

GABRIEL: Beautiful, poetic Indian film in Robert Altman's lush of crime and jazz in 1930s Kansas City. Winona Ryder, Jason Leigh, Miranda Richardson, Harry Belafonte. ABC Studios (0171-438 0338) Preview: Wed 28 Nov (0171-367 0901) 8pm. Cinema: 1st December (0171-438 0322) Everyweek (0171-438 1328)

MR PLEASABLE: Petey criminal becomes folk hero in late-1960s Sydney. Engaging Aussies comedy with Colin Friels and Jacqueline McMenamy. Directed by Greg McLean. ABC (0171-367 0901) 8pm. Cinema: 1st December (0171-438 0322) Everyweek (0171-437 0797)

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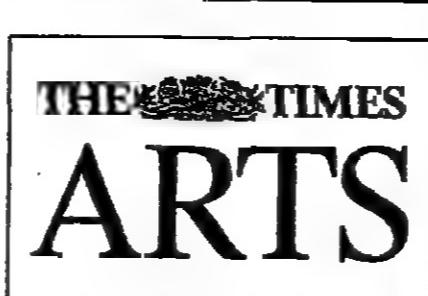
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PANTOMIME
From the majestic
Patricia Routledge
in Guildford
for *Snow White*
and the Seven
Dwarfs



PANTOMIME
... and the
indestructible
Lionel Blair in
Aladdin at
the Sheffield
Lyceum



PANTOMIME
... to Una
Stubbs playing
Peter Pan in
Leeds at the
West Yorkshire
Playhouse ...



PANTOMIME
... and Danny La
Rue in Sheffield's
Aladdin: we
survey Britain's
Christmas
entertainments

THE TIMES ARTS

The panto guide (oh yes it is!)

From *Snow White* to *Sooty*: the pick of Christmas shows around the countryHoobus all round: Richard Briers as Ebenezer Scrooge in *A Christmas Carol* at the Lyric Theatre, Hammersmith

Repertory Theatre (0121-236 4459)

Pinocchio

Nov 29-Jan 25

Season's Greetings

Dec 1-18

BLACKBURN

King George's Hall (01254 582532)

Festive Tales

Dec 27-Jan 12

BLACKPOOL

Grand Theatre (01253 285772)

Cinderella

Dec 19-Jan 11

Opera House (01253 277699)*Lily Savage in Christmas Cracker*

Dec 20-31

BLANDFORD

Blandford Arts Centre

(01258 465533)

Pinocchio

Nov 29-Dec 7

BOLTON

Octagon Theatre (01204 520669)

Stripy Tales

Dec 5-Jan 11

Albert Halls (01204 364339)*Beauty and the Beast*

Dec 7-Jan 11

BOSTON

Blackfriars Arts Centre

(01205 363109)

Aladdin

Dec 12-Jan 12

Brindley Peacock (0121-486 3424)*Goldsilks And The Three Bears*

Dec 12-Jan 12

Lewisham Theatre (0181-490 0062)*Peter Pan*

Dec 20-Jan 19

Lyric Theatre, Hammersmith

(0181-941 2311)

A Christmas Carol

Dec 12-Jan 18

Millfield Theatre, Edmonton

(0181-807 5680)

Aladdin

Dec 5-Jan 4

North Peckham Civic Centre

(0171-732 3229)

Aladdin

Dec 17-Jan 1

Players Theatre (0171-839 1134)*Robin Hood*

Dec 4-Feb 16

Peacock Theatre (0171-514 8890)*Cinderella*

Dec 16-Jan 14

Riverside Studios (0181-222 2228)*Beauty And The Beast*

Dec 16-18

St Helen's Church Hall

(0171-229 6340)

Aladdin Or A Lad In Trouble

Dec 10-14

Southwark Playhouse

(0171-620 2494)

Aladdin

Dec 10-14

Theatre Royal Stratford East

(0181-554 6310)

Beauty And The Beast

Dec 14-Jan 25

Unicorn Theatre for Children

(0171-658 3354)

Pinocchio

Nov 16-Jan 18

Young Vic Theatre (0171-928 1000)*Beauty And The Beast*

Nov 14-Feb 1

Wimbledon Studio Theatre

(0181-540 0362)

Christmas Wishes

Dec 5-15

Wimbledon Theatre

(0181-540 0362)

Robin Hood and the Babes in the Woods

Dec 14-Jan 20

Wimbledon Palace Children's Theatre (0181-543 4898)*The Wizard Of Oz*

Nov 21-Feb 8

*ASHTON UNDER LYNE**Tinsel Hippodrome*

(0161-322 3223)

Dick Whittington

Dec 20-Jan 12

*AYLESBURY**LimeLight Theatre* (01296 431272)*A Christmas Carol*

Dec 20-31

*BAGNOR, NEWBURY**Watermill Theatre* (0145 460494)*Peter Pan*

Dec 6-Jan 11

*BARNSTAPLE**Queens Theatre* (01271 242422)*Aladdin*

Dec 26-Jan 11

*BARROW IN FURNESS**Forum* (01229 820000)*Jack and the Beanstalk*

Dec 23, 24, 27-30, Jan 2, 3

*BARNESLEY**Civic Theatre* (01226 206797)*Jack and The Beanstalk*

Dec 15-Jan 3

*BASILDON**Towngate Theatre* (01268 531349)*Sleeping Beauty*

Dec 17-20

*BASINGSTOKE**Haymarket Theatre*

(01256 465566)

Aspects of Love

Dec 6-Jan 11

The Avril (01256 844244)*Dick Whittington*

Dec 13-Jan 5

*BATH**Theatre Royal* (01225 448844)*Cinderella*

Dec 19-Jan 26

The Rondo (01225 332579)*Alibaba*

Jan 5-19

*BERWICK UPON TWEED**The Mallings* (01289 330999)*The Snow Queen*

Dec 30-Jan 4

*BEXHILL ON SEA**La Warr Pavilion*

(0124 787948)

Cinderella

Dec 20-Jan 4

*BILLINGHAM**Forum* (01642 552663)*Cinderella*

Dec 13-Jan 11

*BIRKBECK**Phantom of the Opera on Ice*

Dec 18-Jan 5

Crescent Theatre (0121-643 5353)*A Christmas Carol*

Dec 14-28, Jan 4-11

Hippodrome (0121-622 7439)*Mother Goose*

Dec 19-Feb 15

*MIDLANDS ART CENTRE**Mercury Theatre* (01206 573948)*Dick Whittington*

Dec 6-Jan 11

*CHIPPING NORTON**The Theatre* (01608 642350)*Sleeping Beauty*

Dec 5-Jan 11

*CHICHESTER**Festival Theatre* (01243 78132)*Cinderella*

Dec 12-Jan 11

*CHESTERFIELD**Pomegranate Theatre*

(01246 345222)

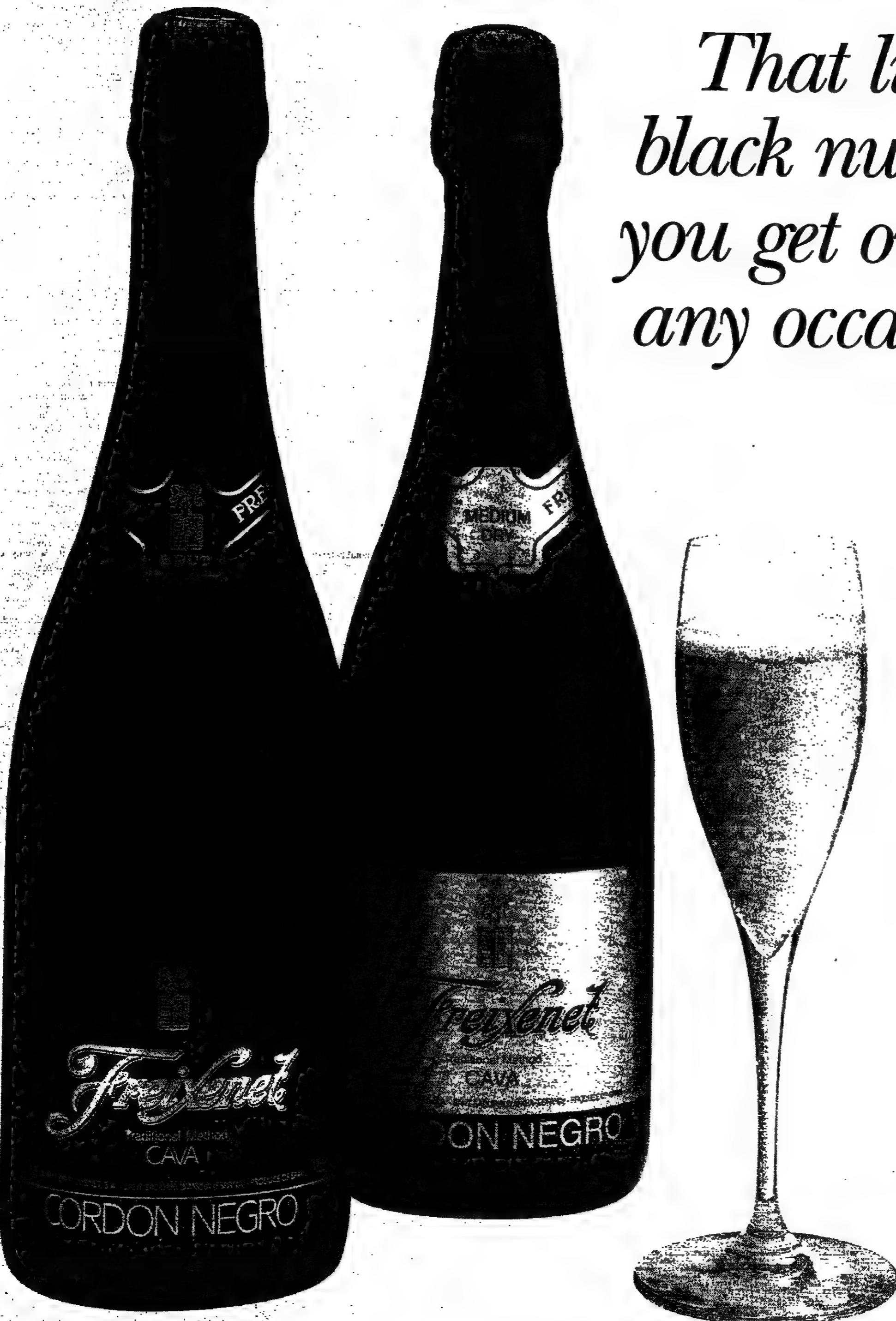
Beauty And The Beast

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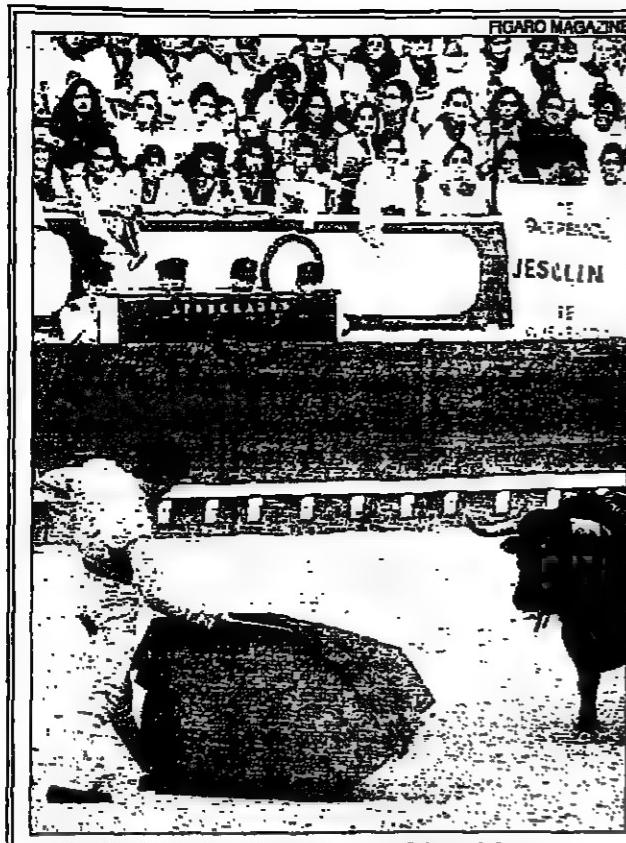
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Bullfighting is still a widespread Spanish custom

Making up for lost time

Spain has changed, more profoundly perhaps than even the Spaniards themselves dare to believe. Crossing into the country from France, or flying in from Heathrow, one is struck not so much by the difference in Spain's efficiency and infrastructure as by its powerful likeness to the rest of Europe. Brash, gleaming and up-to-date, the country now takes its modernity for granted, arguably for the first time in its erratic history.

That has not, of course, prevented Spaniards from clinging tenaciously to some habits which will always distinguish them from other people. Bullfights are alive and well (although the bulls' horns are now frequently blunted), siestas are still taken in the countryside and long, languid lunches are eaten every day from 2.30 to 4.30, even by those in professions which work to "modern"

deadlines. But young Spaniards are taller than generations past. They drink more beer and less wine, speak foreign languages, travel abroad to places such as India and Namibia, go to church only occasionally, pay less heed to flamenco music, kiss and cuddle in public, and eat hamburgers.

More profoundly, Spain today has a new self-esteem. The "democracy generation", unlike its predecessors, has no sense of being second best. Membership of the EU, and a string of free elections, have brought confidence to Spaniards.

Spain also boasts today that most perverse of modern status symbols, an illegal immigration problem. After decades of being a country of emigrants, Spain has now joined the small band of

countries in which the "huddled masses" of the Third World aspire to live. Proximity to North Africa has brought a steady flow of "werbacks", men and women from the Maghreb, Nigeria, or Equatorial Guinea, who risk their lives in flimsy boats trying to cross the Strait of Gibraltar.

This immigration has its ugly face. Although Spain is still a tolerant society, racism has grown, and it is not uncommon to hear pejorative references to *mores* and *sudoces* — Moors and South Americans — on whom all crime tends to be blamed. Dark-skinned foreigners are sometimes assaulted by *cabezas rapadas*, or skinheads, and frequently frisked by police.

Yet in other respects, Spain has seen the entrenchment of healthy trends. Women have

never been as well-educated and as widely employed as they are today. Besides, they wear short skirts, dye their hair, smoke, and are liberated from the old sexual taboos. While *machismo* is not a thing of the past, the Spanish male is now no less enlightened than his counterparts in other Western countries.

Within a single generation, Spain has achieved a remarkable degree of equality between the sexes. This has led to some unfortunate side-effects, of course. Spain's birth rate has plummeted and is today, at 1.2 babies per mother, the lowest in the world. Political modernity has brought a widespread rejection of religion. In this, as in their aspirations and *cultura general*, the "new Spaniards" are now part of the European mainstream.

TUNKU VARADARAJAN



Flamenco is now less popular than disco dancing

Pack your suntan cream and slippers

BRITONS IN SPAIN

The "swallow season" is just beginning. About 400,000 Britons will be wintering in the warmth of Spain as usual, escaping from the low temperatures and high heating bills back home.

David Alexander, the British Consul-General in Madrid, estimates that there are about 200,000 Britons who own property in Spain and live there permanently. "Considering the size of the community, there are relatively few problems," he says. "They live in harmony with the Spaniards, who have a live-and-let-live attitude and no deep-seated antagonism towards Britons."

John Seth-Smith, the honorary British Consul in Benidorm, says the most common problems are associated with the language barrier and property purchases.

David Searl, an American journalist who has settled on the Costa del Sol, writes the bible for expats, *You and the Law in Spain*. He warns people coming to Spain with the intention of buying a property and perhaps settling on retirement not to "leave their brains at the airport when they arrive. Many

ignore the simplest rules about house or apartment purchase".

Contrary to popular opinion, some expatriates are far from stand-offish. Joan Hunt, 67, from Brentwood in Essex, has just been voted Personality of the Year on the Costa del Sol by an overwhelming number of readers of the English edition of the local *Sur* (South) newspaper. "I used to come to Spain on holiday with my husband Fred, and when back at work, would think 'wouldn't it be lovely to live in Spain one day?'" she says. They did just that when she retired from a senior post at Berger Paints and Fred quit his job as an electrical engineer.

"In 1984 we sold our house and came to Fuengirola with our dog and our furniture," she says. "I don't think anyone is prepared for the culture shock of trying to get things done. We suddenly found ourselves facing a lot of paperwork and bureaucracy, but it was the way of life and we had to adapt."

If you're going to change your life, you have to be prepared to change lots of things. I attended Spanish lessons but at first they went in one ear and out the other.



Sun, music and food and drink whenever you want it: the relaxed life attracts many Brits to Spain

I'm still learning, but I can get by." Basil Cudipp-Green, 73, is a former world ice-skating champion from Brighton who lives in Denia. His great strength and wicked sense of humour helped him to beat

cancer after he had moved to Spain with his female companion, Paddy. "I wanted a change of life," he says. "I bought a boat, sailed out here 23 years ago, liked it and stayed. I got a bit fed up here and

started coaching youngsters in Madrid and Vitoria. A proflite in another country does very well. The Spaniards have a fantastic feeling for music, but their temperament is more fiery than the British. When

they are good, they are very good indeed. When they are interested in something, the *machismo* system does not apply."

He spent a year back in Britain fighting off his cancer. After his recovery, he bought a 24ft sailboat and brought her back to Denia.

"The first appeal of Spain is the climate," he says. "Then the relaxed way of living. I like to have a brandy and coffee at five or six in the morning, if I want. Friends here are so much more close-knit. They are all adventurers who have packed up from England to come and live here, so they take time to look after each other."

Many older people who retire to Spain suffer problems of illness they had not anticipated. For Mrs Hunt, tragedy struck in 1991 when Fred became ill and was diagnosed with cancer. "When you come out here to live, everything is good. But suddenly, when you've got a problem, you feel a little bit alone in a strange country," she says.

After her husband's death, she founded Cudeca to care for terminally ill cancer patients. You know," she says, "there are some very tragic cases out here."

EDWARD OWEN

Airlines boost the travel industry

TOURISM

Spain has benefited from an unexpected increase in the number of tourists this year. This coincides with greatly increased competition on all air routes, greater profits by hotel chains and considerable private investment at the top of the market:

This good news is spelt out by government figures showing that the number of visitors to the first nine months of the year increased by 8.7 per cent to 33.5 million. In the first eight months net income increased by 7.7 per cent to 1.9 trillion pesetas (£9.5 billion).

The all-round increase came as EasyJet and Debonair opened up new budget routes between Britain and Spain's connections and Iberia and Air Europa battled for clients.

For the first time, Spaniards can fly within their country for non-stop fares. But all airlines are suffering damage delays at the busiest airport, Barajas in Madrid, which is being expanded.

Tourists on domestic routes, especially around the Balearic and Canary Islands, are now starting to fly in British-built turboprops. Air Europa, the leading independent airline to Spain, is flying the first ones under a \$30 million deal with British Aerospace.

The state-run chain of Parador hotels, mainly located in historic buildings, increased its profits fourteen-fold to £3.5 million last year. But it resurrected plans to sell off a clutch of loss-making establishments. Sol Melia, the biggest hotel group, which was partially floated on the stock exchange in July, announced a 32.6 per cent increase in profits to £22.5 million for the first nine months of the year.

This month the Hotel Terme Montorió, a hotel, spa and conference complex, opened near Tarragona. The £7.5 million investment by an Andorran company has produced a 150-room complex set in 40 acres, only the second four-star hotel on the Costa Dorada. Joan Armengol, managing director of the Roc Blanc Group, its owners, says: "We think the future of tourism lies in appreciating nature, giving space to breathe fresh air and enjoying tranquillity."

The regional government in Tenerife hopes to sound the death knell for lager louts by moving tourism in the Canary Islands towards business conventions and luxury holidays.

Pedro Quintana, director of the Government's Tenerife Convention Bureau, says that the opening of three new convention complexes, together with a four-fold increase in luxury hotels, is changing the island's image.

British residents, fed up with timeshare touts and muggings, particularly welcome the opening of the Mare Nostrum complex at Arona, not far from the Playa de Las Americas resort in the south of Tenerife. Five luxury sea-front hotels are grouped around the new "Piramide" convention centre, which can seat 2,000 people. Anna María Luyckx, a commercial director at the Piramide de Arona, says: "Delegates are one minute from the beach and close to Los Cristianos port."

Earlier this year, Tenerife opened one of Europe's largest concert and fairs halls. With plans to expand the two airports, Señor Quintana hopes the 300 congresses the island welcomes will increase and "enrich Tenerife".

EDWARD OWEN

BASQUE COUNTRY A PARTNER OF PROMISE

TEN REASONS WHY THE BASQUE COUNTRY IS TODAY AN ATTRACTIVE, UP-TO-DATE PROPOSITION:

A STRATEGIC GEOGRAPHICAL SETTING

A vital link in the communications axis between Lisbon and Stockholm, the Basque Country has one of Spain's leading merchant shipping port and Europe's deepest docking facilities (32 metres). The region also has three airports, motorways and a direct Spanish connection with Europe's high-speed rail network.

A NETWORK OF INTELLIGENT HIGHWAYS

The Basque Country has a latest-generation micro-wave network and a broad-band optical fibre trunk network covering 85% of the Basque population and all university campuses and industrial centres.

BROAD-BASED, DIVERSIFIED POWER INFRASTRUCTURE

Efficiency and savings programmes have enabled the Basque Country as a whole to reduce energy consumption by 14% since 1980. The area currently depends on oil for 36.7% of the energy it needs. Power sources have been diversified in recent years, with particular attention being paid to natural gas, which has its own gas field and modern distribution network.

SPAIN'S INDUSTRIAL POWER HOUSE

Much of Spain's production in a number of strategic sectors comes from the Basque Country: machine-tools, the automotive ancillary industry, capital goods and the iron and steel industry. The Basque Country is also home to the Mondragón Corporation Cooperativa (MCC), the world's largest industrial cooperative group, and Iberdrola, Europe's fifth largest power generating company.

INVESTMENT INCENTIVES AND GUARANTEES

Treasury bonds issued by the Basque Government have been given an Aa2 rating by American ratings agency Moody's and AA by Standard & Poor's. Among the most noteworthy tax incentives for the year are the general rate of company tax of 32.5% and an outright grant of up to 25% for new investments.



For further information contact:

TECHNOLOGY RESEARCH APPLIED TO INDUSTRY

The Basque Country has seven Research Centres employing more than 900 professionals: the largest science and technology park in northeastern Spain; engineering firms and other companies involved in international research projects: UIC particle accelerator (CERN-Geneva); the European Space Agency and NASA; the EURECA (European Retrievable Carrier) Platform, currently in orbit and the Polar Platform, in collaboration with the International Freedom Station in Columbus.

ONE OF EUROPE'S LEADING FINANCIAL CENTERS

The Banco Bilbao Vizcaya, Spain's leading bank in terms of the volume of savings managed, the Bolsa de Bilbao, the country's second busiest Stock Exchange, Eibar, the first mutual guarantee company in Spain, and Luarca, the country's first mezzanine finance company, are all based in the Basque Country.

HUMAN RESOURCES, THE BASQUE COUNTRY'S MOST IMPORTANT RAW MATERIAL

There are two universities in the Basque Country, one of which, Deusto, is Spain's most famous seat of learning. Students can choose from 22 faculties and 3 higher colleges and schools. The Basque Country also has 172 vocational training centres.

A UNIQUE ASPECT OF CULTURE

Euskera, the Basque language, Part of mankind's linguistic heritage. Euskera is the oldest language in Europe, a survival from the pre-Indo-European era.

AN UNRIVALLED NATURAL SETTING

The UNESCO recently declared the Gernika estuary a Biosphere Reserve". According to the 1992 Economic Report on the Spanish Autonomous Communities, the Basque Country has the most complete environmental protection infrastructure in all Spain.

Banks are cautiously optimistic, businessmen say the general trend is upwards, financial analysts think the new Government is being pragmatic and the stock exchange is at a record high. The Spanish economy is slowly but surely coming out of the doldrums.

As usual, the pace will quicken only if it does so in the rest of Europe. But all the forecasts for next year show further growth — 2.5 per cent or more compared to 1.9 per cent this year — and lower inflation, below the target of 3.5 per cent set for 1996.

Last week Luis Angel Rojo, governor of the Bank of Spain, told the Senate budget committee: "It is most desirable that Spain joins the group of countries founding monetary union." He was optimistic that inflation would drop to 3.3 per cent this year but said it might be torpedoed by salary increases.

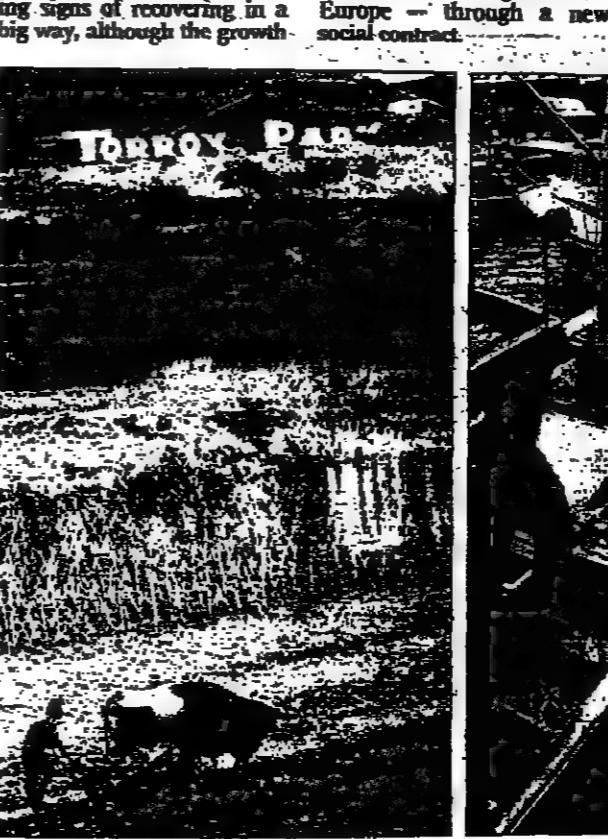
The Government is coping reasonably well on the fiscal side for the challenges of 1997, although I'm sure it is not ambitious enough," says Henrique Lombardi, chief economist with the Bank of America in Madrid. "More reforms, not just spending cuts, are needed.

The economy is not showing signs of recovering in a big way, although the growth

rate this year is still better than in the rest of Europe." The governing Popular Party's first budget decreed a wage freeze for civil servants, cutbacks in public spending, the raising of £23 billion (£13.7 billion) through privatisation of industries, labour reforms, transfers to the autonomous regions and incentives to industry.

Although consumer confidence has yet to be restored, yet another good year for tourism has boosted revenues in the expanding services sector, which accounts for about 60 per cent of the economy.

Most analysts agree that one of the biggest challenges the Government faces is to reform Spain's labour laws — which are probably the most protected and regulated in Europe — through a new social contract.



The ploughman and the fisherman, symbols of old Spain that are rapidly changing

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A challenging opportunity to join the West End based Management Services and Marketing Co. The ideal candidate for this varied and involved role will have strong communication and organisational skills. Knowledge of Word & Excel and Powerpoint preferred. Previous background is essential.

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You will need:

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For an application form contact (quote ref. 23004/T) BBC Recruitment Services on 0181 849 0849 Minicom 0181 9231. Alternatively, send a postcard to BBC Recruitment Services, PO Box 7000, London W5 2WY by December 6th. Application forms to be returned by December 11th

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We are keen to appoint an experienced person to fill this important position. You must be presentable, hard-working and enthusiastic, with good secretarial skills.

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The Trustees of the Pilgrim Trust invite applications for the post of Administrative Secretary in this long-established charity. They are looking for someone with considerable experience on office practice and who is familiar with the use of computers and the compilation of the office systems and procedures. A sound knowledge of Microsoft Windows packages, fast and accurate typing, good communication skills and a flexible attitude would be desirable. Based in London, SW1, the successful candidate will be able to work in a small staff of 4, as part of a team.

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Further particulars are available from The Director, The Pilgrim Trust, Fletchers House, Little College Street, London, SW1P 3SH. Please mark the envelope 'Administrative Secretary'.

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Pegasus takes flight as the complete footballer

If the goal had been scored by one of the legion of Premiership exotics — say, Vialli, or Juninho — we would all have been raving, gee whiz, that continental flair! Why can't we produce players like that?

Or if the goal had been scored by one of our precious home-grown talents, Giggs or McManaman, we would have been loudly defiant: see, we British can produce the goods! Despite our austere tradition, real footballing talent can flourish on this island.

But the goal that settled the North London derby between Arsenal and Tottenham Hotspur last Sunday was scored by Tony Adams. The archetypal Arsenal donkey. Roaring out of defence on an immaculately timed run and cracking a quite stunning left-footed volley into the net. It

took a deflection — whether that was decisive or not we will never know — but the point was the optimism, the man's confidence in his footballing skill and the immaculate striking.

Tony Adams: the complete footballer! What a concept. Adams has, for most of his long and really rather distinguished career, been famous for his limitations. He has made himself into a footballing archetype. He has always been the stopper centre-half, the utterly pragmatic defender. The brutal side of the beautiful game.

His lack of softness of touch was more or less endearing, at least to Arsenal supporters. When he played for England, he was considered, well, jolly tough and red-blooded and so on — but also, just a little bit of an embarrassment.

All centre-halves get called donkeys, that is part of footballing tradition, but Adams has made himself the donkey. So what was he doing acting like, well, not quite like a thoroughbred, but like a Dutch warmblood, anyway?

Adams rose to eminence under the management of the now-departed Arsenal manager, George Graham. Under his influence, and you suspected by his own inclinations, Adams perfected the role of donkey glorioust. You stand tall and you shout a lot. You make massive defensive headers. You move like a steel trap. And if the ball comes close to those things on the end of your long legs, you hoof it upfield. Let the midfielders sort it out: that is what they are paid for.

For corners and free kicks, you trot upfield and make mayhem in the air. Heading

air like a small boy asking for permission to leave the classroom. Please sir, the opposition is outside again.

"Boring, boring Arsenal," the opposition caroled, but no supporter is ever bored by success and Adams performed his unvarying routine of studious pragmatism while the opposition supporters brayed at him. Unmoved.

We respect a specialist, even while deriding him. We suspect virtuous. If a singer produces a painting, a sportsman makes a record or a writer turns to a new genre, the cry goes up at once: "Don't give up your day job! Ol, you Leonardo! Stop messing about with those madonnas and get back to designing siege engines! Stick to what you're good at!"

Yet Adams has suddenly, almost at a stroke, turned himself into the renaissance man of football. The new Arsenal manager, Arsène Wenger, has told him that the self-imposed shackles that have marked his entire career are mere illusion. You are a footballer, sir, go out and play!

Success is a terrible thing. It limits ambition. Achieve success and you no longer desire this man's gift and that man's scope. You can do something right. That is precious and you do not dare to change it. You do not change a winning side, or a winning formula, just as you never close a show that is making money.

Adams has indeed changed. Is this, then, some kind of Indian summer? Or does he think now: "What could I have had, I had been free? Could I have been a second Bobby

Moore? The English Beckenbauer? Could I have been more than a very good specialist? Did I have greatness in my grasp and chose instead a limited excellence? Did I sell out to my lesser gift?"

It is a question that assails anyone who has achieved any sort of limited eminence, whose success has been achieved by means of discipline and self-imposed limitation. But life is lived by looking forward, not back, and Adams has found new depths to his footballing nature. Do the sudden footballing freedoms be displayed so joyously on Sunday reflect the greater freedoms of his private life, the joys of an addict in the process of saving his own life? One hopes so, for it was a wonderful sight Adams taking flight. Pegasus. The donkey soaring on his eagle's wings.

IN BRIEF
Challenger replaced for Dodson contest

ADRIAN DODSON, from Islington, the World Boxing Organisation No 1 light-middleweight, has a chance of opponent for the defence of his inter-continental title at York Hall, Bethnal Green, tonight. Instead of meeting Rodolfo Aguilar, of Panama, he faces Anthony Joseph, of Trinidad.

Joseph does not have the experience of the Panamanian, having had only ten contests. Aguilar, 33, had had 42 bouts, of which he lost only five. He had met the best in the world, including Julio César Chávez and Freddie Randall, but a week ago it was discovered that he had retired.

Rhinos advance

Confident Williams marches on

By PAUL YATES

MARK WILLIAMS, an unrivalled candidate for the game's most improved player, confirmed that status by completing a 9-4 victory over Nigel Bond, the No 5 seed, in the third round of the United Kingdom championship at Preston Guild Hall yesterday.

Williams, who unlocked the door to total self belief by winning the Grand Prix title in Bournemouth last month, has been suffering from gastric flu in recent days but, despite feeling below par, he has refused to allow this to become a handicap.

Bond was 6-2 a drift overnight after finding it impossible to contain Williams during the opening session on Monday. "Mark's playing as well as anyone in the game right now. He puts balls in the air and if he carries on playing like this, I can't see anyone beating him," Bond said.

Williams, who compiled breaks of 77, 90, and 91 in laying the groundwork for victory, lost two of the first three frames on the resumption. But Bond's hopes of producing a full-scale recovery were quickly extinguished.

A run of 60, constructed in typically swashbuckling fashion, put Williams 8-4 ahead before he applied the finishing touches to a ninth consecutive win in a world ranking tournament with a 124 clearance.

Williams, 21, of Wales, is overviewed by no one and carries confidence. "At the moment, I don't think I'm going to miss a couple of years ago, I couldn't seem to beat the top players, but something has just clicked," he said.

In the quarter-finals, Williams will play either Tony Drago, of Malta, or John Higgins, the world No 2 from Scotland. Drago looked the more likely winner as he entered the concluding session of their third-round encounter last night holding a surprise 6-2 advantage.

Paul Hunter, who made four century breaks during his 9-5 victory over James Wattana, the No 12 seed, in the second round, led 3-2 against Terry Murphy, who beat Ronny O'Sullivan in the first round.

Steelers triumph

American football: Mike Tomczak's 20-yard touchdown pass to Ernie Mills with little more than two minutes remaining lifted Pittsburgh Steelers to a 24-17 victory over Miami Dolphins on Monday. After the reserve quarterback and utility man, Kordell Stewart, had kept the drive alive with a vital run for a first down, Tomczak threw for Mills to take his first touchdown pass of the season.

Faldo tees off

Golf: Nick Faldo, the Masters champion, will begin his pursuit of Europe Ryder Cup team points next year in Australia by playing in the Johnnie Walker Classic in January, organisers of the event said in Sydney yesterday. The 1997 PGA European Tour begins with the tournament at Hope Island in Queensland from January 26.

England expect

Cricket: England will be hoping for a considerable improvement from Spencer Dunckley when, with European championship points at stake, they face Estonia in Tallinn tonight. The meagre six-point contribution from the oft ill-in centre against Latvia last month was about a quarter of that expected by the national coach, László Nemeth.

Bray recovers

Real tennis: Chris Bray, the Petworth professional, and the Australian amateur, Mike Happell, recovered from 4-1 down in the final set to defeat the favourites, Mike Gooding and the Harbour Club professional, Lachie Deuchar, in the final of the British Land British Open doubles championship.

CRICKET

Australia victory proves value of positive thinking

FROM ALAN LEE, CRICKET CORRESPONDENT, IN BRISBANE

BRISBANE (final day of five): Australia beat West Indies by 123 runs

The difference, as Mark Taylor confirmed by word, action and demeanour, is in the mind of the individual. Until recently, Australia's cricketers merely hoped they might beat West Indies and perennially they were disappointed. Now they know it can be done and, what is more, believe it will happen again and again.

For once, it is Australia who are defending supremacy between these teams and they could not have made a better start. Although it took them until the final hour yesterday, victory in the first Test at the Gabba was gained emphatically, confidently, even a shade arrogantly. In one respect, Australia won despite their captain's tactics rather than because of them.

Taylor conceded last night that part of his reasoning when he startlingly declined to enforce the follow-on was a wish "to give all the bowlers a day off". Put another way, he was so sure of the outcome that he acted like a jockey taking a pull before putting his horse's head in front of the line.

Courtney Walsh, the West Indies captain, said he was "surprised" to be spared batting again on Sunday after the collapse in which seven wickets were lost for 28. "It took a bit of the pressure off us," he said. Taylor need no longer concern himself with this. To all intents, his method worked and he has taken the high ground, materially and psychologically.

"I think mentally it turned around for us in the Caribbean last year," he explained. "I don't underestimate the West Indies, but I know we can beat them now and there is a very positive mood in our team."

This mood may be enhanced in the coming week, for the second Test starts, in

Sydney on Friday, before the pain on this one is dry. The word is that the Sydney pitch will be thinly grassed — indeed, that it sports a conspicuous bare patch at one end — and Australia have reacted by adding a second leg spinner, Peter McIntyre, to a squad in which Greg Blewett replaces Steve Waugh, who is injured.

The general expectation that this initial match would be won by leg spin proved misguided, or so the statistics would suggest. Shane Warne took only one of the nine remaining wickets to fall

yesterday and he profited on the back of Warne's frustration.

In 14 overs containing far more good balls than bad, Bevan took the wickets of Hooper, Bishop and, finally, the gallant but unavailing Campbell, who had batted almost seven hours for a century that deserved better support.

Walsh insists, straight-faced, that West Indies set out yesterday morning with victory in mind, but if they were ever going to defy history and reach a target of 420 they needed something substantial from Brian Lara. Instead, he added only 15 before driving ambitiously to give Mark Waugh a routine slip catch off Reiffel.

Hooper and Chanderpaul fell either side of lunch and, when Warne won a leg-before appeal against Adams as he stretched forward, the end seemed imminent. Browne and Bishop, however, offered stoical company to Campbell.

Warne appeared to have removed Campbell with a catch at silly point, unanimously acclaimed by the Australians, but umpire Randell thought otherwise and it was Bevan, an over later, who took the seventh wicket and opened the gate to the tail.

McGrath's pace and intelligence got the yorker accounted for two more wickets, while Campbell fell leg-before to a quicker one from Bevan and shuffled off looking crestfallen and exhausted in equal measure. He had no cause to chastise himself, for without him this would have been no contest.

Even as it was, West Indies failed to reach 300 against Australia for the tenth successive innings. The equilibrium of their dressing-room seems good but it is to be severely examined now, for they are up against an Australia team no longer shackled by the insecurity or inhibitions of old.

The players were permitted to rest yesterday after their overnight flight from London before a full day of practice at the Alexandra Sports Club. Atherton will not join the session unless his condition

has improved considerably.



Australia have victory in sight as Campbell is out leg-before to Bevan for 113 yesterday

Forecast clouds tour optimism

FROM SIMON WILDE IN HARARE

THE England cricketers arrived here yesterday at the start of their first Test tour of Zimbabwe and found the weather, of one sort or another, the main topic of debate. Michael Atherton, the captain, is under it, having brought with him a bout of influenza, while the threatened arrival of the rainy season has put a dampener on the prospects of play during the six-week visit.

The players were permitted to rest yesterday after their overnight flight from London before a full day of practice at the Alexandra Sports Club. Atherton will not join the session unless his condition

has improved considerably. England play their first match, against Districts XI, on Saturday.

What opportunity England have to play remains to be seen. It rained for most of last week here, while Bulawayo, which stages the first international fixture on December 15, saw three inches of rain fall yesterday. More is forecast. Zimbabwe's rainy season normally starts in November and can sometimes last for three months.

Jason Gallian hopes to prove his recovery from a cracked bone in his right index finger and play for England A in their one-day

match against Australian Capital Territory in Canberra tomorrow.

Alan Donald is doubtful and Jonty Rhodes definitely out of the second Test of South Africa's tour of India, which starts in Calcutta today.

□ Martin Speight, the Sussex batsman, yesterday became the latest player to concede that he wants to leave the troubled county. He wants to return to wicketkeeping. Alan Wells, deposed as captain last season, is considering an offer from Kent.

□ Northamptonshire yesterday signed David Pollett, the former Middlesex fast bowler, on a two-year contract.

Take away (in a somewhat dull, mathematical way)

Take away (in an almost sensual, beautifully bottled way.)

Bass

HAND PULLED SINCE 1777 IN PINT BOTTLES SINCE 1996

RACING

BHB under fire as tax cut is refused

By RICHARD EVANS, RACING CORRESPONDENT

A PREDICTABLE sense of disappointment at the Chancellor of the Exchequer's refusal to reduce betting duty in his Budget gave way to bitter recrimination last night — over who was to blame.

The only crumb of comfort for racing was the anticipated announcement by the Heritage Department to allow racing to tap into lottery funds — around £5 million — to improve racecourse facilities.

Peter Savill, a leading racehorse owner, said the British Horseracing Board's (BHB) decision to tie racing's case for a cut in betting duty to that of bookmakers had backfired disastrously — and called into question the leadership of the BHB.

"I felt the strategy was wrong all along. Racing tied itself too closely to the cause of the bookmaker and punter and that argument did not bear close scrutiny. We have gone down in flames alongside some questionable claimants," Savill said.

The BHB had called for a 1.75 per cent cut in betting duty — with 1 per cent going to the punter via a reduction in tax on bets. However, Savill said, "we believed strongly the proceeds of any duty cut should have

boosted racing's international low levels of prize-money. He added: "Racing should argue its own corner and let the bookmakers argue theirs. It's all very well to say the bookmakers are independent partners, but they have shown no wish to help racing."

The BHB submission effectively supported 80 per cent of what the bookmakers were asking for, but their argument didn't bear scrutiny.

There has to be a rethink of strategy and a serious look at the leadership of the industry. I believe there has to be a much stronger alliance between the major professionals in the industry — the owners, trainers and breeders."

Although he did not name Lord Wakeham and Tristram Ricketts, chairman and chief executive of the BHB respectively, Savill clearly holds them largely to blame — but his own role in highlighting the financial difficulties facing racing came under fire at Westminster.

"Racing will now continue to struggle to attract investment domestically and to compete internationally as prize-money levels decline. Employment will be at risk, particularly in rural areas, as the future of a great British industry comes under threat."

"I think Mr Savill has got a lot to answer for by overegging the pudding. Here was someone who is a true exile living in the Cayman Islands, saying the end of the world was nigh," one MP said.

The BHB had called for a 1.75 per cent cut in betting duty — with 1 per cent going to the punter via a reduction in tax on bets. However, Savill said,

"we believed strongly the proceeds of any duty cut should have

boosted racing's international low levels of prize-money.

In addition, the bookmakers' presentation to Government insisted prize-money within racing was not a problem — contrary to the BHB's view — which enabled the Treasury and Customs to exploit conflicting submissions — and do nothing.

Kenneth Clarke's decision not to cut betting duty will increase pressure on his former Cabinet colleague, Lord Wakeham, whose reputation has been built on being a behind the scenes fixer.

Privately, he has been furious at the campaign conducted by Savill and his constant side-swipes at the BHB leadership. Until now, he has not given vent to his feelings in public.

Lord Wakeham said last night: "The absence of a positive response from the Chancellor to racing's compelling case for a further duty reduction will have damaging repercussions for the racing and breeding industry."

"Richard went one hell of a gallop," Brendan Powell, who rode the winner, said. "My horse was not his extravagant self even though he put in a few fine leaps. He was hanging very badly going into the last and he was also leg-weary. Overall, it was a pleasing performance. I've always

said he is a 21lb better horse going left-handed." As is his wont, Tim Forster, who trains the horse, insisted he hated every second of it.

In truth, so starved of opportunities are horses of Dublin Flyer's calibre that connections had little option but to contest this race. Perhaps that is just as well; the turnout was deeply disappointing for the £30,000 on offer and Dublin Flyer's absence would have heralded an

early start to the pantomime season. At least the gelding did not suffer the fate of his stablemate, Martha's Son, who has not been out since he injured a leg in defeat here 12 months ago.

The sight of Dublin Flyer

grazing the winner's enclosure also erased the image of his ignominious, slithering departure from the Murphy's Gold Cup when leading at Cheltenham 11 days ago. Prestbury Park had previous-

ly been kind to Dublin Flyer but his last two visits have yielded that slip-up and an inexplicably poor performance in the Gold Cup. While the latter race remains Dublin Flyer's principal target, his owner-breeder, John Hughes, was happy to entertain thoughts of a Grand National challenge for the first time.

"I have been against it up to now but the two races are three weeks apart this season," Sumner noted. "The

DUBLIN FLYER AWAITING CLEARANCE FOR NATIONAL

ROSS KINNAIRD/ALLSPORT



Dublin Flyer survives a last-fence blunder to land the Peterborough Chase at Huntingdon yesterday

CHEPS	
THUNDERER	2.85 Lansdowne
1.65 Puntito	3.25 Or Royal
2.25 Beau Sabillard	3.55 Lady Rebecca

The Times Private Handicapper's top rating: 1.25 MIGHTY MOSS.

101 12148 9000 TIMES 13 (NP, G, S) D Reddish H 10d (2) 10 (1) 11 (1) 12 (1)

1.25 It's A Gem 2.85 Lansdowne 3.25 Or Royal 3.55 Lady Rebecca

1.65 Puntito 2.25 Beau Sabillard

1.25 MIGHTY MOSS.

1.55 SING SELLING HURDLE (£1,940; 2m 4f 11yds) (14 runners)

201 11346 CHINA 144 (G) [Pete Spedale] 1.10s 1-1-1	R Johnson
202 10252 FURITO 31 (F) [Johnstone] 1.10s 1-1-1	A Morgan
203 10500 JAVA 17 (F) [H Badcock] 1.10s 1-1-1	S McNeill
204 10253 CASTLECOMER 6 (S) [Preston] 1.10s 1-1-1	R Dennerby
205 10254 FORGOTTENWONDERS 15 (M) [Preston] 1.0s 10-12	A P McCoy
206 10255 PAPADEA 23 (F) [J Sargeant] 1.0s 10-12	W McFarlane
207 10256 HORRIBLE GLORY 7 (M) [Bassett] 1.0s 10-12	M Heslop
208 10257 PARADE RACER II (M) [Riddell] 1.0s 10-12	G Lyons
209 10258 TROUBLEMAKER 11 (M) [Brown] 1.0s 10-12	J Murphy
210 10259 SPARKY 24 (F) [J Sargeant] 1.0s 10-12	D Mullins
211 10260 SING SELLING 11 (M) [Preston] 1.0s 10-12	T J Murphy
212 10261 SPARKY 25 (F) [Preston] 1.0s 10-12	D Mullins
213 10262 FORTUNE ROSE 13 (F) [A Sargeant] 1.0s 10-12	J Murphy
214 10263 POLITION'S DREAM 7 (M) [D Thomas] 1.0s 10-12	G Lyons

BETTING: 3-1 Furtito, 5-1 Forgottenwonders, 6-1 Sing Selling, 7-1 China, 8-1 Sing Selling, 9-1 Furito, 10-1 Furtito, 11-1 Sing Selling, 12-1 Sing Selling, 13-1 Sing Selling, 14-1 Sing Selling, 15-1 Sing Selling, 16-1 Sing Selling, 17-1 Sing Selling, 18-1 Sing Selling, 19-1 Sing Selling, 20-1 Sing Selling, 21-1 Sing Selling, 22-1 Sing Selling, 23-1 Sing Selling, 24-1 Sing Selling, 25-1 Sing Selling, 26-1 Sing Selling, 27-1 Sing Selling, 28-1 Sing Selling, 29-1 Sing Selling, 30-1 Sing Selling, 31-1 Sing Selling, 32-1 Sing Selling, 33-1 Sing Selling, 34-1 Sing Selling, 35-1 Sing Selling, 36-1 Sing Selling, 37-1 Sing Selling, 38-1 Sing Selling, 39-1 Sing Selling, 40-1 Sing Selling, 41-1 Sing Selling, 42-1 Sing Selling, 43-1 Sing Selling, 44-1 Sing Selling, 45-1 Sing Selling, 46-1 Sing Selling, 47-1 Sing Selling, 48-1 Sing Selling, 49-1 Sing Selling, 50-1 Sing Selling, 51-1 Sing Selling, 52-1 Sing Selling, 53-1 Sing Selling, 54-1 Sing Selling, 55-1 Sing Selling, 56-1 Sing Selling, 57-1 Sing 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Oliver Holt sees a sentimental journey end in the hills above Lisbon

Nannini savours a lap of honour

There were only five minutes when Alessandro Nannini despaired of ever driving a racing car again. His severed right arm lay in the wreckage of his helicopter and blood was pumping from the stump. In those few moments, he said here in Estoril yesterday, he thought he would have to stop racing and start going to the beach more. Then he fainted.

Six years have elapsed since that day when the Benetton driver, who was regarded as a possible future Formula One world champion, crashed the helicopter as he was trying to land in the grounds of his father's house in Siena. He has had more than 20 operations to try to restore movement and feeling to the arm, which was seen back on using microsurgery.

Most of them were carried out under strict provisos from Nannini. When doctors wanted to take bone from his right foot to graft on to his hand, he told them to take it from the left foot instead because he did not use that one for braking and accelerating. When they wanted to bring his thumb and forefinger closer together to allow him to hold a knife or fork, he forbade them because it would have prevented him from guiding a car properly.

Instead, the fingers of his right hand are fixed in a permanent, tight curl, almost as if in perpetual eagerness to clamp themselves on to a steering wheel.

Two years after his accident, he even returned to competitive driving, for Alf Romeo in the German touring car championship. He won 12 races in four years and this season finished third in the race for the international touring car title.

But it was only yesterday at this deserted circuit in the hills above Lisbon that the Italian, adored by his countrymen and all of grand prix racing for his easy charm and jovial stoicism, was able to bring his cycle of loss and suffering to an end at last. Yesterday, Nannini, the winner of the 1989 Japanese

Alesi in the other Benetton. Yesterday afternoon, after he had improved his best time by nearly a second, he drove lap after lap until dusk fell as though he was reluctant to relinquish what is likely to be his final taste of the power and speed of a Formula One car. "When I first went out I was very nervous," he said. "After six years away, I was scared of making some sort of big mistake. But as I drove more laps, I became more confident. But there is no chance of me returning to Formula One full time. It was fun, today, that was all. I just wanted to check what it was like again."

The fact that I can't come back is nothing to do with my arm really, because with the power steering that is available now, that is not a problem. It is just that after such a big absence I would need to test for two or three months before I would know whether it was possible to come back and no team could afford to take the chance.

Grand Prix, was back behind the wheel of a Formula One car again.

His appearance offered a brief but rich glimpse of sentiment in a sport notorious for its cynicism, its dismissal of any frippery that does not bring commercial gain. Even more unusually for the sport, it represented the honouring of a promise, given by Flavio Briatore, the Benetton managing director, in the aftermath of his driver's accident, and made good over the past two days.

After one of the runs yesterday, Nannini, 37, who is naturally right-handed, used his teeth to pull his left glove off because he could not do it with his right hand. He wrestled his helmet off with only his left hand because his right is no help.

Despite this awkwardness, he astonished the clutch of Italian journalists who had travelled here to see his comeback by beginning his two-day test on Monday by lapsing the circuit in a best time of 1min 24.2sec at speeds of up to 180mph, just two seconds slower than Jean

Nannini, his right hand in a permanent, tight curl, prepares to return to a Formula One car after a six-year absence

That does not matter, though I think. These two days are something I have wanted so badly for so long. It has allowed me to move on. It is no good thinking just about this sport. I have to have new goals, new challenges all the time. Now, there will be different things."

Not once did he remove the glove from his right hand. They say the skin on it is a strange colour, like plastic that he sacrificed being able to hold a pen so he could drive. When he heard that yesterday, Nannini confessed disappointment for the first time in his hand's performance. "It is not, unfortunately," he said. "I can still sign cheques."

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After this, fear of flying is hardly kids' stuff

There are many things. I'm ashamed to say, that frighten the life out of me, but right at the top of my list of personal fears are two things — aeroplanes and small children. Put them together, and you have my worst nightmare ("stop kicking the seat in front, Casper, can't you see the gentleman is terrified?"). Keep them apart, and you have... two of my worst nightmares.

What makes an aeroplane stay in the sky? What makes a four-year-old behave properly? I do not know and, sadly, after two hours' careful viewing last night — or as careful as you can be when watching through your fingers from behind the sofa — I still don't know. I remain, therefore, a frightened man.

Given its title, it was pretty clear that the answer to one question, at least, was "not enough". So it proved, with plane after plane

failing to defy the laws of gravity. Well, what do you expect if you stick several hundred tons of aluminium 30,000 feet up in the sky? That would fly!

The documentary, which I assume was American-made, reminded me of two things. The first was the old joke about the black box — if it always survives a plane crash, why don't they make the whole plane out of the same stuff? The second is the current controversy surrounding David Cronenberg's taut little film *Casket*, about folk who get their kicks from car crashes. They would love *Black Box*:

I had everything. Lingering video footage of wreckage fields, computer simulations of doomed flights and all too real conversations picked up from the cockpit voice recorder. "We're going down, Larry," Larry knew that.

That particular flight ended up in the frozen Potomac river, where

we were treated to more lingering video of the pathetic attempts to rescue a handful of survivors. The doom-laden narration helpfully identified a woman struggling in the icy water who, as well as being temporarily blinded by kerosene, "had left her husband and baby behind in the plane". As much as the subject matter, it was this voyeuristic quality to the film that made it so unpalatable.

In between the "aw, shit... bang" that heralded the end of so many members of the National Transportation Board popped up to hold forth in that eloquent way that Americans seem to find so easy — while they're safely on the ground. "The bottom line," warned the gravel-voiced Rudi, "is if you've got ice on the airplane, you're probably gonna die."

We also met Greg, self-proclaimed "tin-kicker" and driver of

video of the pathetic attempts to rescue a handful of survivors. The doom-laden narration helpfully identified a woman struggling in the icy water who, as well as being temporarily blinded by kerosene, "had left her husband and baby behind in the plane". As much as the subject matter, it was this voyeuristic quality to the film that made it so unpalatable.

"Crash!" who thought that putting what he described as "the puzzle" back together again was the greatest job in the world. It was tough, but he was the man to do it, oh yes sirree. "Once you have smelt an accident site, you never forget it." Now there's something those Singapore girls never tell you.

At least Roger Graef found some grounds for optimism as he

parked his cameras on the walls of Marlborough House, a Wiltshire day unit for what most of us would describe as problem children. The staff talked about children with behavioural, speech and learning difficulties. The camera, for Network First: *Breaking the Cycle* (ITV), revealed a bunch of hyperactive, aggressive little monsters. Or at least that's what they were when they went in.

When they came out several one-day-a-weeks and much screaming, wailing and gnashing of milk-teeth later they were... well, I think they were much improved, although at times it seemed the improvement owed as much to skilful editing as it did to the hard work in the classroom.

Graef's narration described the unit as appearing to be unique, but, if he had been watching *Panorama* recently, he would know that appearances can be deceptive. The BBC found a very

similar unit in Liverpool, which meant that much of the method used in the Wiltshire centre — rewarding good behaviour, ignoring bad — was already familiar.

The BBC's use of hidden cameras a few weeks ago had made it impossible not to judge the parents of the children involved. Graef, however, although his cameras did visit a couple of homes, echoed the teaching system by not apportioning blame. That didn't stop us watching at home, of course, using the tried and trusted technique of social stereotype. How good a mother could you be if your one-year-old daughter already had pierced ears? Answer? As good as your endlessly whining four- and six-year-old sons allow you to be.

At the end of an hour, I wasn't sure how much closer I was to answering my question about how to make small children behave properly. The fly-

on-the-wall technique had served up half-answers — maintaining eye contact was important at some points, just as avoiding it was crucial at others. But which? And what about these much talked about but little seen "physical prompts"? How physical did they need to be? But, I suppose, half-answers are better than none.

Problem children don't come much more problematical than poor, mad Joe in *EastEnders*, which shows no sign of pausing for breath, or indeed credibility, after David's tearful departure. Grant married, Phil drinking the dish-washer, Peggy in danger of waking up in the concrete foundations of Walford fly-over, Gita in the Sanjay way... the storylines go on and on. But please, before any of them go any further can we resolve Joe? If I hear Lorraine say "he's been a bit down recently" just once more, I'll do something drastic. Bubble-wrap the television.

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REVIEW



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**CRICKET 52**

West Indies found wanting in a test of nerves

SPORT

WEDNESDAY NOVEMBER 27 1996

RACING 53

Dublin Flyer looks equal to challenge of Grand National

Back finds place in Andrew's team of all talents

NEIL BACK, the Leicester flanker who disgraced himself at the Pilkington Cup final last season, was given a chance to erase his most painful memory yesterday, when he was named in the Barbarians team to face Australia at Twickenham on December 7. In May he received a six-month suspension for pushing over the referee, Steve Lander, after Leicester had lost against Bath to a penalty try.

Back has his club to thank for securing his place in the star-studded Barbarians side, which contains 15 full internationals, including the All Blacks, Ian Jones and North Hewitt, in the pack.

Leicester have agreed to release Back from their first division fixture against Northampton because they consider it important for him to have happier memories of Twickenham after serving his ban. Back's Leicester colleague, Darren Garforth, also plays, as does the Northampton centre and Scotland captain, Gregor Townsend, after an agreement between the clubs over free agents.

The Barbarians have taken advantage of there being no second division programme on the day of the match and have chosen seven players — all internationals — from Newcastle and Richmond, including the Quinlan brothers, Craig and Scott. Rob Andrew, who retired from international rugby a year ago, will captain the side and Tony Underwood, who is out of the England squad, will welcome the chance to appear in a big match at Twickenham.

The gate receipts will amount to £1.75 million, from which the still amateur Barbarians will receive £30,000. The bulk of the money will be split four ways by the home nations and the Rugby Football Union will receive a fee for staging the match.

The Barbarians' sponsor, Scottish Amicable, will pay £300 to youth rugby for every try scored by their side. This arrangement has produced £25,400 since 1990.

BARBARIANS: T. Simpson (Newcastle and England); R. Steele (Cardiff and Wales); A. Madland (Plymouth); T. Vowles (Northampton and Scotland); T. Underwood (Newcastle and England); R. Andrew (Cardiff and Wales); J. Jones (Cardiff and Wales); S. Hewitt (Bath); L. Delapio (Wales); C. Sheasby (Wales). Replacements: J. Guscott (Bath); A. King (Wales); K. Smith (Cardiff); R. Garforth (Leicester); P. Greening (Gloucester); S. Gibbs (Cardiff).

Jenkins loses his place in team as veteran is recalled at stand-off half

Davies returns to call the tune for Wales

By DAVID HANDS, RUGBY CORRESPONDENT

EIGHT years ago Jonathan Davies shrugged his slim shoulders and turned his back on Welsh rugby union, a sport that he had turned its back on him. Yesterday the nation embraced him once again upon his return to the red jersey bearing No 10, which he will wear for the 28th time against Australia, in Cardiff on Sunday.

Selection completes a remarkable journey for Davies, 34. In 1988 he had returned from a disastrous Wales tour to New Zealand eager to outline, for the benefit of the Welsh Rugby Union, his ideas for a better future; he received short shrift, he was criticised for his play — not least when the team he led lost to Romania during a dark December afternoon in Cardiff — and a month later he went to rugby league.

That code made the little man from Trimsaran, who was first a member of the Welsh national squad as long ago as 1984, a giant of rugby. His career with Widnes, and later Warrington, carried him to a dozen Great Britain appearances, not least against the Kangaroos at Wembley in 1994 before the professionalism of rugby union allowed him to return home.

Not that anyone who saw his debut for Cardiff against Aberavon just over a year ago would have predicted a recall to the national team. Shunted hither and yon in the Cardiff back division, Davies's evident discomfort was compounded by the serious illness suffered by his wife, Karen, and yesterday Davies revealed that Ken Williams, his stepfather, underwent an operation for cancer of the bowel last week.

"This will mean a lot to my family," Davies said, when a team showing three changes

from the XV that started against Italy six weeks ago, was announced.

"It might be the turn of luck my family needs. Karen is good at the moment and I hope she will be proud of me. When we heard the decision we just looked at each other and laughed."

Davies wins the place at stand-off half ahead of Neil Jenkins and is joined in the side by Ieuan Evans, fit again after injury, and another player returning from rugby league, David Young. It will be Young's fifteenth cap at prop after a six-year career with Leeds and Salford before he, too, joined Cardiff at the start of this season. Scott

remains strong. "When I came back to Wales it was harder for me than when I went north because of all the expectation," he said. "When I went to Widnes everyone said I wouldn't make it. When I came back to Cardiff I had to play everything down."

In addition to being the playmaker, Davies takes over the goalkicking role from Jenkins, for whom he had great sympathy. "Neil has been kicked so many times over the years that I am sure he will be back," Davies said, of a man whose points-scoring achievements have frequently stood between Wales and even more defeats than they have recently endured.

However, short-term, the decision may be, it is clearly designed to develop the confidence of a Wales side that, this season, has beaten the Barbarians but lost late on to France and only achieved the shakiest of wins over Italy in Rome. Wales have two other games, against South Africa and the United States, before opening their five nations campaign against Scotland on January 18 and will surely retain Davies over that period, or his experience and expertise will be wasted.

England, against whom Davies opened his international career in 1985, have named an unchanged XV against the New Zealand Barbarians, at Twickenham on Saturday. Although Ben Clarke is fit enough to be included among the replacements, the management felt that Chris Sheasby's performance at No 8 against Italy last weekend deserves another opportunity. Jason Leonard and Andy Gomarsall have recovered from minor knocks.

Gibbs retains his place at centre. "Although progress has been made, I still think we need better game control, game awareness and decision-making," Kevin Bowring, the coach, said. "Jonathan has the knack of doing the right thing at the right time, he has played particularly well for Cardiff during the Heineken Cup and I am sure he can offer his experience to the national side."

Although Davies has talked of retiring at the end of this season — despite an expressed ambition to tour with the British Isles next summer — his appetite for the game

ENGLAND (v New Zealand Barbarians) T. Simpson (Newcastle), J. Sheasby (Cardiff), R. Gibbs (Swansea), D. James (Bridgend), J. Davies (Cardiff), R. Howley (Cardiff), G. Lewis (Cardiff), G. Evans (Cardiff), C. Lewis (Cardiff), D. Young (Cardiff), H. Taylor (Cardiff), G. Lewellyn (Hartpury), J. Jones (Cardiff), K. Jones (Ebbw Vale), S. Williams (Neath). Replacements: N. Jenkins (Pontypool), P. Jones (Pontypool), C. Evans (Swansea), G. Gibbons (Porthmadog), L. Moxon (Cardiff), G. Jenkins (Swansea).

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